FILE COPY

Office-Supreme Court, U. S.
APR 17
CHARLES ELMORE CROPLEY
CLERK

In the Supreme Court
OF THE
United States

OCTOBER TERM, 1939

No. 671

...AL CHAIN STORES CO., LTD.
...corporation),
Petitioner,
vs.
...IONAL NUT COMPANY OF CALIFORNIA
...corporation),
Respondent.

BRIEF FOR RESPONDENT.

CHARLES S. EVANS,
HUGH N. OBER,
...Crocker Building, San Francisco, California,
Attorneys for Respondent.

Subject Index

	Page
The issue is confined to the question of "intervening rights"	2
The "doctrine of intervening rights" presupposes a valid reissue patent	4
The doctrine of "intervening rights" has never been authoritatively established or defined	5
The decisions of this court indicate that no "intervening right" can arise with respect to a valid reissue patent	14
Some confusion exists in lower court decisions	22
The present decision is not in conflict with other decisions	25
Respondent has not committed laches	28
Respondent's reissue patent is supported by public policy	32
The elements of estoppel are absent from this case	36
Reply to brief for petitioner (on writ of certiorari)	38
(1) Typical errors in petitioner's brief specifically noted	39
(2) Petitioner's argument briefly discussed	41
(3) The patent system, including reissues, is founded upon a public policy which has withstood attack	42
(4) The "two-year" rule has effectively prevented abuse of the reissue privilege	44
(5) Recent legislation may be assumed to reduce the "two-year" rule to a "one-year" rule as to applications filed after August 5, 1940	46
(6) "Public policy" is not concerned with the private interests of an individual defendant claiming an "intervening right"	47
(7) The decision of the Circuit Court of Appeals in this case is in conformity with public policy and the prior decisions of this court	50
(8) No practicable or equitable rule has been suggested by petitioner	52
(9) A simple restatement of old rules and principles is all that is required to restore order to the confused issue of "intervening right"	57
Summary	61
Conclusion	62

Table of Authorities Cited

Cases

Pages

Abercrombie & F. Co. v. Baldwin, 245 U. S. 198, 38 S. Ct. 104 ..... 21, 25, 34, 46, 48, 49, 51, 53, 58

Ashland Fire Brick Co. v. General Refractories, 27 F. (2d) 744 24

Autopiano Co. v. American Player Action Co., 222 Fed. 276 ..... 26, 28

Battin v. Taggert (1854), 17 How. 77, 15 L. Ed. 37 ..... 16, 18, 20, 25, 28, 46, 49, 53, 58

Coon v. Wilson, 113 U. S. 268, 5 S. Ct. 537 11

French v. Rogers (1851), 1 Fisher 133 44

General Refractories Co. v. Ashland Fire Brick Co., 278 U. S. 662, 49 S. Ct. 7, 15 F. (2d) 215 ..... 24, 25

Grant v. Raymond, 6 Pet. (31 U. S.) 218, 8 L. Ed. 376 (1832) 6, 7, 8, 16, 46, 57

Keller v. Adams Campbell, 264 U. S. 314 ..... 23, 28, 51

Mahn v. Harwood, 112 U. S. 354, 5 S. Ct. 174 ..... 10, 17, 44, 45, 46

Miller v. Bridgeport Brass Co., 104 U. S. 350, 26 L. Ed. 783 ..... 8, 9, 10, 17, 32, 44, 45, 46, 57

Parker & W. Co. v. Yale Co., 123 U. S. 87, 8 S. Ct. 38 11

Roos, H. W., Co. v. McMillan, 64 F. (2d) 568 ..... 25, 26, 27

Shaw v. Cooper (1833), 7 Pet. 292, 8 L. Ed. 689 7

Stimpson v. West Chester Railroad Co., 4 How. 380, 11 L. Ed. 1020 ..... 14, 15, 17, 18, 19, 20, 22, 25, 27, 28, 46, 49, 53, 58

Topliff v. Topliff, 145 U. S. 156, 12 S. Ct. 825 ..... 10, 11, 12, 13, 17, 28, 30, 31, 35, 44, 45, 46, 49, 50, 57, 58, 59, 60, 61

White v. Dunbar, 119 U. S. 47, 7 S. Ct. 72 ..... 4, 13, 29, 46, 49, 50, 53, 57, 58

Wichita Visible Gasoline Pump Co. v. Clear Vision Pump Co., 19 F. (2d) 435 27

Codes and Statutes

	Pages
Act of June 22, 1874, Sec. 4916	8
Act of May 24, 1928	8, 19
Consolidated Patent Act of July 8, 1870, Sec. 53	8
Patent Act of July 3, 1832, Sec. 3	6, 18
Patent Act of July 4, 1836, Sec. 13	8, 18
Patent Act of July 8, 1870, Sec. 53	18, 19
R. S. 4886	32, 60
R. S. 4916 (35 U. S. C. A., Sec. 64)	19, 57
4 Stat. at L., C. 162, Sec. 3, p. 559	8
45 Stat. 732, C. 730 (35 U. S. C. 64)	8
53 Stat. 1212, C. 450, Sec. 1 (35 U. S. C. A., Sec. 31)	32, 46

Texts

Robinson on Patents, Vol. 2, p. 295, Sec. 653	44
Robinson on Patents, Vol. 2, p. 298	20
Robinson on Patents, Vol. 2, p. 300	10
Robinson on Patents, Vol. 2, p. 311	20
The Official Gazette of the United States Patent Office, Vol. 512, No. 4, March 26, 1940	43n
Walker, 5th Ed., 887	18
Walker, 5th Ed., 897	18
Walker, 5th Ed., 949	19
Words & Phrases, 2nd Series, p. 337	37

In the Supreme Court
OF THE
United States

OCTOBER TERM, 1939

No. 671

SONTAG CHAIN STORES CO., LTD.
(a corporation),
Petitioner,

vs.

NATIONAL NUT COMPANY OF CALIFORNIA
(a corporation),
Respondent.

BRIEF FOR RESPONDENT.

A writ of certiorari having been granted in the above entitled cause, respondent respectfully submits the following argument and authorities, supplementing respondent's reply brief heretofore filed in opposition to petitioner's petition for said writ.

THE ISSUE IS CONFINED TO THE QUESTION OF "INTERVENING RIGHTS".

At the outset, it is submitted that the only issue to be passed upon in this proceeding is whether or not the petitioner (defendant in the trial court) has acquired "intervening rights" with respect to respondent's reissue patent No. 20,024 such as to preclude the enforcement of the rights granted to respondent by said patent. In its order made following the submission of the causes, the trial court stated (R. 88):

> "Upon the trial the suits were submitted by stipulation upon two issues:
>
> (1) Did the acts of defendant complained of constitute an infringement of the Kohler design patent No. 89,347?
>
> (2) Did defendant acquire intervening rights with respect to reissue patent No. 20,024 which, in equity, plaintiff may not now disturb?"

In its Final Decree (R. 95-6) the trial court ordered, adjudged and decreed:

> "(2) That with respect to Kohler Reissue Letters Patent No. 20,024 in suit, this defendant and those in privity with it, including the manufacturer of the machine in question, acquired intervening rights which in equity plaintiff may not now disturb."

On appeal, the U. S. Circuit Court of Appeals for the Ninth Circuit affirmed the trial court with respect to its holding of non-infringement of the Kohler design patent No. 89,347, and no question with regard to that issue is before this court. As to the second issue, relating to reissue patent No. 20,024, the Circuit Court of Appeals restated the question (R. 290) as follows:

"We must take the question to be decided as this: Does the acquisition and use by defendant of an admittedly infringing device for a period of less than two years between the date of plaintiff's original patent and the date of plaintiff's application for a broadened reissue, (assuming a valid reissue patent), without knowledge of or reliance upon the scope of plaintiff's original patent, constitute intervening rights which will serve as a defense to a suit for infringement, and if so, does the immunity from suit extend beyond the date of the reissue?"

and held (R. 310):

"The defense of intervening rights is denied."

In its reasons relied upon for allowance of the writ of certiorari prayed for, petitioner has assigned as its first reason (Petition, page 7):

"1. The matter of intervening rights in relation to the broadened claims of a reissue patent presents important and difficult questions of Federal law which have not been but should be decided by this Court."

The second reason assigned, namely, "conflict with the law as formulated by the other Circuit Courts of Appeals" (Petition, page 8), relates to decisions alleged to bear on the subject of "intervening rights".

From the foregoing it is believed to be clear that the sole question now before this court is whether or not petitioner individually has acquired "intervening rights" such as to estop respondent from enforcing its reissue patent rights against petitioner.

THE "DOCTRINE OF INTERVENING RIGHTS" PRESUPPOSES A VALID REISSUE PATENT.

The so-called defense of "intervening right" rests on a theory that notwithstanding the validity, as to the public at large, of a reissue patent upon which a suit is based, and notwithstanding the infringement of such patent by the defendant sued, yet because of the particular facts of the case the defendant has acquired a separate right, personal unto himself, in derogation of the patent owner's right, and which cuts athwart and lessens the rights granted by the reissue patent in suit. The defense is distinct from a defense involving the validity of the reissue patent in suit, since if the patent is invalid for any reason whatever, it is unenforceable against any defendant, and no "intervening right" personal unto the defendant is necessary to exempt the defendant from liability for infringing the patent. That point is controlled by the decision of this court in *White v. Dunbar*, 119 U. S. 47, 7 S. Ct. 72, where *Mr. Justice Bradley* states (at page 52):

> "We attach no importance to the fact that between the date of the original patent and the application for the reissue, the patent to Pecor and Bartlett was granted. It is, indeed, quite apparent that the appellees applied for a reissue in consequence of that patent, and in order to prevent the canning of shrimps under it. The circumstance that other improvements and inventions, made after the issue of a patent, are often sought to be suppressed or appropriated by an unauthorized reissue, has sometimes been referred to for the purpose of illustrating the evil consequences of granting such reissues; but it *adds nothing* to their *illegality*. That is deduced from general principles of law as applied to the statutes authorizing reissues, and affecting the rights of the government and the public."

"It is only when a defendant claims some special privilege in derogation of a valid reissue patent that the defense of "intervening right" can arise. Such a defense is usually the last resort of the infringer faced with a suit based upon a patent which he has clearly infringed and the validity of which he has no hope of defeating. Such is the situation here presented. Infringement of respondent's reissue patent claims, if valid, has been admitted. (R. 110; noted by C. C. A., R. 311.) The Circuit Court of Appeals has fully considered all defenses raised with respect to the validity of the patent; and has held the Köhler reissue patent in suit valid. (R. 324.) Petitioner's sole remaining hope is to convince this court that it is exempt from the valid rights owned by respondent by reason of particular facts of this case, allegedly giving rise to an estoppel, barring the enforcement of respondent's reissue patent against petitioner.

THE DOCTRINE OF "INTERVENING RIGHTS" HAS NEVER BEEN AUTHORITATIVELY ESTABLISHED OR DEFINED.

The doctrine of "intervening rights" is a nebulous one which has never been authoritatively established or defined. The decisions in which the term appears, and the manner in which the "doctrine" has been applied, vary widely in accordance with the varying facts involved in the various cases. With perhaps a few rare exceptions based upon unusual facts peculiar to the particular cases where they occur, the decisions in which "intervening rights" are referred to have hinged upon some other point, such as validity or infringement; and the matter of "inter-

vening rights" has been mentioned only incidentally, as dicta or as an excuse for resolving doubt against the patentee in a close case. Just how, or under what circumstances, or to what extent, if at all, a party may acquire "intervening rights" in derogation of the rights validly granted to a reissue patentee under the patent laws, has never been judicially determined.

As a matter of fact, the decisions of this court point compellingly to the conclusion that no private "intervening right" can arise with respect to a valid reissue patent; and it is submitted that the existence of a private "intervening right", such as petitioner alleges it has acquired in the present case, is precluded by the decisions of this court.

The question roots back into the fundamental law governing the grant of patents as it existed even before there was any statutory authority for the granting of reissue patents. The earliest decision of this court on the subject of reissue patents was in the case of *Grant v. Raymond*, 6 Pet. (31 U. S.) 218, 8 L. Ed. 376 (1832), decided prior to the enactment of the earliest reissue statute. (Patent Act of July 3, 1832, Sec. 3.) In that case this court held that a reissue patent could properly be granted, even without a statutory provision; and in that regard *Mr. Chief Justice Marshall* in delivering the opinion of the court stated (at page 243):

> "It has been said that this permission to issue a new patent on a reformed specification, when the first was defective through the mistake of the patentee, would change the whole character of the act of Congress.
>
> "We are not convinced of this. The great object and intention of the act is to secure to the public the ad-

vantages to be derived from the discoveries of individuals, and the means it employs are the compensation made to those individuals for the time and labor devoted to these discoveries, by the exclusive right to make, use and sell, the things discovered for a limited time. That which gives complete effect to this object and intention, by employing the same means for the correction of inadvertent error which are directed in the first instance, cannot, we think, be a departure from the spirit and character of the act.

"An objection much relied on is, that after the invention has been brought into general use, those skilled in the art or science with which it is connected, perceiving the variance between the specification and the machine, and availing themselves of it, may have constructed, sold and used the machine without infringing the legal rights of the patentee, or incurring the penalties of the law. The new patent would retroact on them, and expose them to penalties to which they were not liable when the act was committed.

"*This objection is more formidable in appearance than in reality.* It is not probable that the defect in the specification can be so apparent as to be perceived by any but those who examine it for the purpose of *pirating* the invention. They are not entitled to much favor."*

The doctrine of *Grant v. Raymond* was reaffirmed after the enactment of the first reissue statute in the case of *Shaw v. Cooper* (1833), 7 Pet. 292, 8 L. Ed. 689, where (at 315) *Mr. Justice McLean* says:

"That the holder of a defective patent may surrender it to the Department of State and obtain a new one which shall have relation to the emanation of the first, was decided by this court at the last term in the case of *Grant et al. v. Raymond* (6 Peters, 220). The *Chief Justice*, in giving the opinion of the court,

*Emphasis throughout may be deemed ours, unless otherwise indicated.

says: 'But the new patent, and the proceedings on which it issues, have relation to the original transaction. The time of the privilege still runs from the date of the original patent. The application may be considered as appended to the *original* application; and *if the new patent is valid, the law must be considered as satisfied if the machine was not known or used before that application.*'

"As this decision must be considered as settling the construction of the patent laws on this point, it is conclusive in the present case; and it is therefore unnecessary to examine the argument of the plaintiff's counsel, which was designed to lead to a different conclusion.

"The second patent being a continuation of the first one, *the rights of the plaintiff must be ascertained by the law under which the original application was made.*"

The decision in *Grant v. Raymond* was followed by the first reissue statute regulating the granting of reissue patents (Act of July 3, 1832, 4 Stat. at L. C. 162, Sec. 3, p. 559) and that statute as amended is still in effect. The amendments to the statute include the Patent Act of July 4, 1836, Sec. 13; Consolidated Patent Act of July 8, 1870, Sec. 53; The Revised Statutes (Act of June 22, 1874, Sec. 4916); and the amendment of May 24, 1928 (C. 730, 45 Stat. 732, 35 U. S. C. 64).

The "doctrine of intervening rights", as it is now commonly called, is supposed to have had its inception in the decision of the Supreme Court in the case of *Miller v. Bridgeport Brass Co.*, 104 U. S. 350, 26 L. Ed. 783. In that case, the reissue patent in suit had been granted with a broadened claim on an application filed some *15 years* after the grant of the original patent. After reviewing the statutory provisions the court held that a reissue patent

might properly be granted for the purpose of *broadening* the claim; and conceded that such reissues are valid. At the outset, the court held in that case that the reissue was *not* for the same invention, and in that regard stated:

> "It is not only *obviously a different thing*, but it is the very thing which the patentee *professed to avoid* and dispense with."

That statement really disposed of the case; but in discussing further grounds upon which the reissue patent in suit was *invalid*, the court considered the long delay of 15 *years* which had occurred before the reissue application was filed. In that connection the court drew an analogy to the two-year period of public use which will bar the grant of a valid patent, and held that delay in applying for a reissue *beyond* such *two-year period* should be construed equally favorably to the public. Such is the origin of the "two year" rule, which has since been repeatedly reaffirmed by this court; and it has become definitely established that a broadened reissue cannot be validly issued if applied for *more* than two years after the grant of the original patent, *unless* the delay is adequately explained and found to be excusable.

The *Miller v. Brass* case does not refer in any way to the question of "intervening rights". Only the *validity* of the reissue in suit was at issue; and *invalidity* was found, first because the reissue claim was drawn to a different invention, and incidentally also because of *laches* in the delay of *15 years* before the application for reissue was filed. Analysis of that decision clearly shows that, while the decision has been credited with originating the doctrine of intervening rights, no such doctrine was there

discussed or involved. Since the decision hinged solely upon the question of validity, the "doctrine of intervening rights" fails at its supposed source. Robinson in his treatise on the law of patents, in a footnote beginning page 300, Vol. 2, has analyzed the decision and has fully discussed its relation to the subject of "intervening rights".

Following the *Miller v. Brass* case, the two-year rule there laid down was reaffirmed and applied in the case of *Mahn v. Harwood*, 112 U. S. 354, 5 S. Ct. 174. In that case the application for reissue was delayed for nearly *four* years; and, as in the *Miller v. Brass* case, the patent was held to be *void*. No question of an intervening right acquired by the defendant was involved or passed upon; merely the *validity* of the patent in suit was in issue. Application for the reissue had been delayed so long that the right to receive a broadened reissue had been lost, and the patent was *invalid*. The limitation of two years and its analogy to the two-year period of public use was emphasized and reaffirmed.

The next leading case is that of *Topliff v. Topliff*, 145 U. S. 156, 12 S. Ct. 825. In that decision, this court reviewed some seventeen cases that had been passed upon involving reissue patents following the *Mahn v. Harwood* decision; and stated the following summary and conclusions (page 170):

> "From this summary of the authorities it may be regarded as the settled rule of this court that the power to reissue may be exercised when the patent is inoperative by reason of the fact that the specification as originally drawn was defective or insufficient, or the claims were narrower than the actual invention of

the patentee, provided the error has arisen from inadvertence or mistake, and the patentee is guilty of no fraud or deception; but that such reissues are subject to the following qualifications:

"First. That it shall be for the same invention as the original patent, as such invention appears from the specification and claims of such original.

"Second. That due diligence must be exercised in discovering the mistake in the original patent, and that, if it be sought for the purpose of enlarging the claim, the *lapse of two years* will ordinarily, though not always, be treated as evidence of an abandonment of the new matter to the public *to the same extent that a failure by the inventor to apply for a patent within two years from the public use or sale* of his invention is regarded by the statute as conclusive evidence of an abandonment of the patent to the public.

"Third. That this court will not review the decision of the commissioner upon the question of inadvertence, accident or mistake, unless the matter is manifest from the record; but that the question whether the application was made within a reasonable time is, in most, if not in all, such cases, a question of law for the court."

Of the seventeen cases reviewed in the *Topliff v. Topliff* decision, not one involves the question of a supposed "intervening right" acquired by an individual defendant in derogation of the rights granted by a *valid* reissue patent. In all but two of the cases discussed, there was a delay of more than two years before applying for the reissue involved in the respective suits; and the patents were held invalid under the *two-year* rule. In the other two cases (*Parker & W. Co. v. Yale Co.*, 123 U. S. 87, 8 S. Ct. 38; and *Coon v. Wilson*, 113 U. S. 268, 5 S. Ct. 537), the delay was less than two years; but in both cases, the reissue patents in suit were held *invalid*, because the new reissue

claims were drawn to a *different invention* than that of the original patent. No question of "intervening right" was raised in either case; and neither defendant pleaded such a defense. The outcome in either case would have been the same; whether the defendants had begun their infringement before or after the application for reissue. The reissue patents were *invalid,* and hence could not be infringed at any time, or by any party.

It is probable that language appearing in the *Topliff v. Topliff* decision, not necessary to the actual decision of the court, and unrelated to the facts of the decisions reviewed by the court in rendering its decision, has given rise to the *inference* that "intervening rights" may accrue. The "doctrine of intervening rights" has in all probability developed from such inference. Thus, the court states (page 171):

> "To hold that a patent can never be reissued for an enlarged claim would be not only to override the obvious intent of the statute, but would operate in many cases with great hardship upon the patentee. *The specification and claims of a patent,* particularly if the invention be at all complicated, constitute one of the *most difficult legal instruments to draw with accuracy;* and, in view of the fact that valuable inventions are often placed in the hands of inexperienced persons to prepare such specifications and claims, it is no matter of surprise that the latter frequently fail to describe with requisite certainty the exact invention of the patentee, and err either in claiming that which the patentee had not in fact invented, or in omitting some element which was a valuable or essential part of his actual invention. Under such circumstances, it would be manifestly unjust to deny him the benefit of a reissue to secure to him his actual invention, provided it is evident that there has been a mistake, and he has been guilty of no want of reasonable diligence in dis-

> covering it, and no third persons have in the meantime acquired the right to manufacture or sell what he had failed to claim. The object of the patent law is to secure to inventors a monopoly of what they have actually invented or discovered, and it ought not to be defeated by a too strict and technical adherence to the letter of the statute, or by the application of artificial rules of interpretation."

The proviso so stated by the court has undoubtedly given rise to much, if not all, of the confusion which now exists with respect to the question of intervening rights. Yet there is no real cause for such confusion. This court merely recognized that circumstances *might* arise by which a third party *might* acquire an independent personal right with respect to the subject matter of the reissue; but the court has made no effort to define *how, when,* to *what* extent, or with respect to *whom,* such right could arise. In other words, the court did not shut off the *possibility* of such a right, but made *no effort to define or limit the nature or extent of such right.*

The decision in *Topliff v. Topliff* therefore affords no authority whatever for the so-called doctrine of "intervening rights". Where, as in the cases discussed in that decision, the reissue is *invalid,* it is unenforceable against *anyone;* and the subject matter of the patent passes to the public. An "intervening right" runs only to an *individual* party who acquires such right, and *presupposes* a *valid* patent right which is enforceable against all who have not acquired such "intervening right". This distinction is expressly noted in one of the decisions reviewed in the *Topliff* case, namely, *White v. Dunbar* above cited and quoted. (Page 4.)

In no case has this court given recognition to the doctrine of "intervening rights", nor has it extended the benefits of such a doctrine to any defendant. In fact the decisions of this court in which the point has been passed upon have been uniformly decided in favor of the patentee, and against the defense of "intervening right".

THE DECISIONS OF THIS COURT INDICATE THAT NO "INTERVENING RIGHT" CAN ARISE WITH RESPECT TO A VALID REISSUE PATENT.

As its primary reason for allowance of a writ of certiorari in this case, petitioner in its petition (page 7) alleged that "The matter of intervening rights in relation to the broadened claims of a reissue patent presents important and difficult questions of federal law which have not but should be decided by the court". This statement is refuted by the fact that this court has repeatedly passed upon the precise point; and in each case has decided the question against petitioner's contention.

As long ago as 1846, this court decided a case in which the question of intervening rights was squarely raised, and decided in favor of the reissue patentee. The case is that of *Stimpson v. West Chester Railroad Co.*, 4 How. 380, 11 L. Ed. 1020. In that case, the trial court charged the jury as follows:

> " 'It clearly appears that the defendants constructed their railroad with the plaintiff's curves in 1834, one year or more before the plaintiff's application for his renewed patent; consequently, they may continue its use without liability to the plaintiff.' "

This charge was held to be erroneous. *Mr. Justice McLean*, in delivering the opinion of this court, noted that charge, and after discussing the statutory provisions stated (page 402):

"The above proviso would seem to be susceptible of but one construction; and that is, that the patentee may sustain an action 'for any use or violation of his invention after the grant of the new patent'. Now, *it is plain that no prior use of the defective patent can authorize the use of the invention after the emanation of the renewed patent under the above section.* To give to the patent the fruits of his invention was the object of the provision; and this object would be defeated if a right could be founded on a use *subsequent* to the original patent and *prior* to the renewed one.

"The thirteenth section of the Act of the 4th of July, 1836, which remodeled the patent law in this respect, made no material change in the Act of 1832. The words in the latter act are: 'And the patent, so re-issued, together with the corrected description and specification, shall have the same effect and operation in law, on the trial of all actions hereafter commenced for causes subsequently accruing, as though the same had been originally filed in such corrected form, before the issuing out of the original patent.' Now; *any person using an invention protected by a renewed patent subsequent to the date of this act is guilty of an infringement, however long he may have used the same after the date of the defective and surrendered patent.*

"The Circuit Court relied upon the seventh section of the Act of the 3d of March, 1839, as sustaining their construction in regard to the use of the invention after the renewed patent. But that section has exclusive reference to an original application for a patent, and not to a renewal of it. *We think the court erred in their instruction to the jury above stated.*"

The same question arose and was passed upon by this court, and the case of *Stimpson v. West Chester Railroad*

was cited and followed, in the case of *Battin v. Taggert* (1854), 17 How. 77, 15 L. Ed. 37. In this case, *Mr. Justice McLean* delivered the opinion, and noted instructions given by the trial court to the jury as follows:

"1. That a description by the applicant for a patent of a machine or a part of a machine, in his specification, unaccompanied by notice that he has rights in it as inventor, or that he desires to secure title to it as patentee, is a dedication of it to the public.

"2. That such a dedication cannot be revoked, after the machine has passed into public use, either by surrender and reissue, or otherwise."

With regard to those instructions *Mr. Justice McLean* said:

"The above instructions, we think, were erroneous."

and after discussing the *Grant v. Raymond* case, the court continued:

"How much stronger is a case under the statute, which secures the rights of the patentee by a surrender, and declares the effect of the reissued and corrected patent. *By the defects provided for in the statute, nothing passes to the public from the specifications or claims, within the scope of the patentee's invention.* And this may be ascertained by the language he uses.

"In the case of *Stimpson v. The West Chester Railroad Co.*, 4 How., 380, it was held, that 'where a defective patent had been surrendered, and a new one taken out, and the patentee brought an action for a violation of his patent right, laying the infringement at a date subsequent to that of the reissued patent, *proof of the use of the thing patented, during the interval between the original and renewed patents, will not defeat the action.*' In the same case it

was also held, that the proceeding before the commissioner, in the surrender and reissue of a patent, is not open for investigation except on the ground of fraud. * * *

"* * * It is said with entire accuracy in the charge, in regard to the amended specification of the patent of 1849, that it 'described essentially the same machine as the former one did, but claimed, as the thing invented, the breaking apparatus only'. And this the patentee had a right to do. *He had a right to restrict or enlarge his claim, so as to give it validity and to effectuate his invention.*"

In both cases, the defendant, as here, had begun its infringing acts before the reissue patent in suit had been applied for; and in both cases this court reversed the trial court because of its error in instructing the jury that that fact gave the defendant any right in derogation of the valid reissue patent in suit.

Both cases arose prior to the "two-year" rule laid down in *Miller v. Brass Co.*, *Mahn v. Harwood*, and *Topliff v. Topliff*, supra, but that rule merely limits the time within which a broadened reissue patent may be *validly* granted without satisfactorily excusing a longer delay. If a broadened reissue is granted on an application filed more than two years after the grant of the original patent on which it is based (and without adequately excusing such delay), the reissue is invalid and unenforceable against *anyone*, regardless of whether the acts complained of are begun before or after the application for reissue. If however, the reissue patent is *validly* granted on application filed *within* the two year limit laid down by this court (or within a longer time when longer delay is adequately excused), the principles announced in *Stimpson*

v. West Chester Railroad Co. and *Battin v. Taggert*, above cited, apply with undiminished force.

Nor is the effect of the decisions of this court in *Stimpson v. West Chester Railroad Co.* and *Battin v. Taggert* affected by the fact that those decisions were rendered during a period before the reissue statute (Patent Act of July 4, 1836, Sec. 13) had been amended to its present form. The several amendments which have been made do not alter the original intent, nor materially change the effect of the statutory provisions. The original reissue statute, Act of July 3, 1832, Sec. 3, reads in part:

> "PROVIDED HOWEVER, That such new patent so granted shall, in all respects, be liable to the same matters of objection and defence as any original patent granted under the said first-mentioned act. But *no public use or privilege of the invention so patented, derived from or after the grant of the original patent*, either under any special license of the inventor, or without the consent of the patentee that there shall be a free public use thereof, *shall, in any manner, prejudice his right of recovery for any use or violation of his invention after the grant of such new patent as aforesaid.*" (Walker, 5th Ed. 887.)

The Act of July 4, 1836, Sec. 13, reads in part as follows:

> "And the patent, so reissued, together with the corrected description and specification, shall have the same effect and operation in law, on the trial of all acts hereafter commenced for causes subsequently accruing, as though the same had been originally filed in such corrected form, before the issuing out of the original patent." (Walker, 5th Ed. 897.)

The Patent Act of July 8, 1870, Sec. 53, amended the Act of 1836 to read in part as follows:

"And the patent so reissued, together with the corrected specification, shall have the effect and operation in law, on the trial of all actions for causes thereafter arising, as though the same had been originally filed in such corrected form; but no new matter shall be introduced into the specification, nor in case of a machine patent shall the model or drawings be amended, except each by the other; but when there is neither model nor drawing, amendments may be made upon proof satisfactory to the commissioner that such new matter or amendment was a part of the original invention, and was omitted from the specification by inadvertence, accident, or mistake, as aforesaid." (Walker, 5th Ed. 949. See R. S. Sec. 4916.)

As revised by the Act of May 24, 1928, the provision is substantially the same as in the Act of 1870, and reads:

"Every patent so reissued, together with the corrected specification, shall have the same effect and operation in law, on the trial of all actions for causes thereafter arising, as if the same had been originally filed in such corrected form; but no new matter shall be introduced into the specification, nor in case of a machine patent shall the model or drawings be amended, except each by the other; but when there is neither model nor drawing, amendments may be made upon proof satisfactory to the commissioner that such new matter or amendment was a part of the original invention, and was omitted from the specification by inadvertence, accident, or mistake, as aforesaid." (Sec. 64, Title 35, U. S. Code; R. S. 4916.)

The language of the Act of 1870 and of the present statute is merely a contraction of the phraseology of the early statute; and does not alter its effect. This is clearly evident from the substantially contemporary construction given the early statute in *Stimpson v. West Chester Railroad Co.* (see quotation page 14 above) and

Battin v. Taggert; and was so understood by Robinson who in his outstanding treatise on patents (Robinson on Patents) in that regard states:

> "Sec. 655. Re-issues under the Act of 1836.
>
> "The act of 1836 introduced into these provisions certain changes of phraseology, but no substantial variation either in the spirit or the meaning of the law. * * *" (Vol. 2, p. 298.)
>
> "Sec. 657. Re-issues under the Act of 1870 and the Revised Statutes of 1874.
>
> "Under the act of 1870 and the Revised Statutes, the law governing re-issues is the same as under the act of 1836. The phraseology of these later acts differs from that of the earlier in some unimportant respects, but it is evident that no intent to change the rules existed at the passage of these statutes, and that the language used was regarded as substantially identical with that of the former act." (Vol. 2, p. 311.)

The principles announced by this court in *Stimpson v. West Chester Railroad Co.* and *Battin v. Taggert* as applied under the reissue statute of 1836, apply with full force and effect to similar situations arising under the reissue statute as it now stands. The present case is on all fours with the *Stimpson v. West Chester Railroad Co.* case. In both cases, the suit was based upon a valid reissue, for infringement begun before application was made for reissue. In the *Stimpson* case, this court expressly held that the fact the defendant began its infringing acts prior to the reissue application did not give rise to any right to continue its infringement after the reissue patent was granted. The same rule applies in the present case.

The rule has been reaffirmed and applied as recently as 1917 in the case of *Abercrombie & F. Co. v. Baldwin,*

245 U. S. 198, 38 S. Ct. 104, *Mr. Justice McKenna* stating (p. 209):

> "To the contention that the Justrite Company, the manufacturing defendant, acquired rights before the reissue, we again may oppose the reasoning and conclusion of District Judge Mayer and their affirmance by the Circuit Court of Appeals. The learned judge said:
>
> "'It will be remembered that this company entered the field with its lamp at a time when the validity and scope of the Baldwin patent were still unquestioned and when after some five years of capable effort, the Baldwin lamp had created an extensive market. The Justrite Company took its chances, and, in view of the necessities of the situation, it is relieved of all accountability for the period to the granting of the reissue patent; but *when the reissue statute was granted the Justrite Company again took its chances.*
>
> "'By the reissuance of the patent, the patentee loses all in the way of an accounting under the original patent, but *the dominant purpose of the reissue statute was to save to the inventor the future remaining after the reissue.*
>
> "'I see nothing in the course of plaintiffs or defendants which would allow a court of equity to conclude that defendants are to be relieved because of intervening rights.'"

Petitioner has attempted to distinguish the *Abercrombie & Fitch Co. v. Baldwin* case (Petitioner's Reply to Respondent's Reply Brief, footnote, p. 2) on the ground that the patent was not a broadened reissue and was granted on an application filed seven years after the grant of the original patent. This attempted distinction is without merit. Whether the patent was broadened or narrowed, it was held to be a *valid* reissue, which was infringed, while infringement of the original patent was

at least *highly* questionable. The fact that the defendant began its infringement before the application for reissue was applied for was expressly held to give rise to no right in the defendant in derogation of the patentee's validly granted reissue patent rights. Precisely the same principles apply in the present case.

SOME CONFUSION EXISTS IN LOWER COURT DECISIONS.

Answering petitioner's assertion (Petition, p. 8) that "results in the lower courts have not been uniform, and upon various points it is difficult, and indeed impossible, to reconcile the decisions of the various Circuit Courts of Appeal", respondent respectfully submits that whatever confusion exists is the result either of the peculiar facts of the cases decided, or of failure by the lower courts in all cases to note and apply the principles announced and uniformly applied by this court. The rule laid down by this court in *Stimpson v. West Chester Railroad Co.* in 1846, and consistently adhered to by this court since that date, if uniformly followed by the lower courts would have obviated whatever confusion there may now appear to be among the decisions of the lower courts.

Theoretically, every court should have in mind all of its own prior decisions, and those of its superior courts controlling its decision in any particular case. As a matter of practical values, however, no individual judge or group of judges can be expected to keep freshly in mind all such decisions, particularly as to points which rarely arise; and the crowded calendars and heavy burdens imposed upon the courts preclude an exhaustive in-

dependent analysis by the courts of all decisions which might relate to a specific question. As a consequence, some courts at times rely largely upon the law and authorities as cited and relied upon by counsel for the litigants. Where, as here, an issue is an obscure one rarely encountered, it is not surprising that in a few cases the controlling decisions of this court have not come to the attention of the lower courts in reaching their decisions. Such isolated cases, where controlling authorities have been overlooked by both the court and counsel, may give rise to an apparent lack of uniformity of decision; but they in no way diminish the weight of the controlling decisions which should have been followed.

In the case of *Keller v. Adams-Campbell Co.*, cited by petitioner, this court recognized that the views of the Circuit Courts of Appeals were not easy to reconcile. In that case, certiorari was granted improvidently on the representation that the case involved the question of "intervening rights". However, on going into the matter, the court found that the case did *not* raise the question of "intervening rights" and dismissed the writ. (264 U. S. 314.) Reference to "intervening rights" appearing in the decision of the Circuit Court of Appeals there involved (287 Fed. 838) was correctly treated as mere dicta. There is nothing to indicate that this court, in granting certiorari in the *Keller v. Adams-Campbell* case was not fully aware of the occasional departures of the lower courts from the principles previously announced by this court, and the writ granted for the purpose of reaffirming those principles for the future guidance of the lower courts.

This court again granted certiorari in the case of *General Refractories Co. v. Ashland Fire Brick Co.*, but the writ was dismissed on motion of counsel for the petitioner. (278 U. S. 662; 49 S. Ct. 7.) In that case, the trial court (15 F. (2d) 215) made a remarkably full and careful analysis of the whole question of "intervening rights" and of a large number of the decisions relating to the subject; and arrived at the conclusion that *no "intervening right" could arise* with respect to a valid reissue patent. It is submitted that the trial court reached a correct conclusion; and that its studied analysis of the principles here involved as appearing in its decision merits the serious consideration of this court. On an appeal of that case, the Circuit Court of Appeals, Sixth Circuit (*Ashland Fire Brick Co. v. General Refractories*, 27 F. (2d) 744), declined to go quite so far as the trial court in denying that "intervening right" may arise; and in reversing the District Court decision held (p. 746):

> "• • • that, *because* the claims of the original patent were limited as to the form of conveyor, and because *after the issue* of the original patent and *with knowledge* of it and *expressly appreciating its limited character*; indeed, *being governed therein by the advice of patent counsel*, the defendant built a nonin fringing brick-machine, and still before the reissue application another one, *at a substantial expense*, and put them into commercial use on a large scale by extensively selling their product, and thus made them *substantially material to its manufacturing business, the defendant thereby acquired at least a right to continue to use these two machines as if it held a license therefor under the reissued patent. The case does not require any further definition of that right.*"

It does not appear that the Circuit Court of Appeals in deciding the *General Refractories v. Ashland Fire*

Brick case had had its attention directed to the *Stimpson v. West Chester*, *Battin v. Taggert*, or *Abercrombie v. Baldwin* cases above referred to. It is believed that, had the court considered those decisions, the decision of the trial court would have been affirmed. As it is, the decision is confined to a holding that because it had expended substantial sums in definite reliance upon the original patent, the defendant was at least entitled to continue its use of two machines built by it before the reissue application.

In the present case, petitioner acquired and used a single inexpensive machine without knowledge or reliance upon respondent's original patent; and the Circuit Court has correctly held that no estoppel can arise under the facts of this case, such as was found to arise in the *General Refractories v. Ashland* case.

THE PRESENT DECISION IS NOT IN CONFLICT WITH OTHER DECISIONS.

The cases cited and relied upon by petitioner in its petition for a writ of certiorari as in conflict with the decision here involved may be disposed of very briefly. Thus, the *H. W. Roos Co. v. McMillan* case (64 F. (2d) 568) rests squarely upon the *validity* of the reissue patent there in suit. The reissue patent was held to be invalid. It was *not* held that the defendant had acquired an "intervening right". The invalidity of the patent extended to the public as a whole. Invalidity was based upon what the court regarded, on the particular facts of that case, as an unreasonable delay, coupled with the absence of a

showing of inadvertence, accident or mistake. Thus (at page 570) the court states:

> "We note also that there was no showing that the narrowness of the claims arose from mistake in framing them * * *, or that either the patentee or his solicitor 'without intending to do so, drafted or accepted claims not commensurate with the invention'."

As above pointed out, the present case is before this court on the question of "intervening rights"; and the Circuit Court of Appeals has expressly held respondent's reissue patent in suit to have been validly granted. The defense of "intervening rights" upon which petitioner has asked this court to pass, being distinct from the defense of invalidity sustained by the Circuit Court of Appeals in the *Roos v. McMillan* case, there is no conflict between the two decisions on the facts, or in the principles involved.

The *Autopiano Co. v. American Player Action Co.* (222 Fed. 276) is based upon facts bearing no similarity to the facts of the present case. There a reissue was secured *six* years after the grant of the original patent, in which broad claims of the original patent were deliberately omitted. Later, a second reissue was secured, reclaiming the claims omitted from the first reissue. The omission of the claims in the first reissue constituted an express abandonment of those claims. The defendant relied upon such express abandonment, and for that reason was held to be freed from the second reissue patent, notwithstanding the fact that the second reissue was held valid as to the public at large. The facts of the case are unique; and the principles there involved differ from those ap-

plicable to the present case so widely that, it is submitted, there is no conflict between the decisions; otherwise the decision would be contrary to the rule announced by this court in *Stimpson v. West Chester Railroad Co.*

The third case relied upon by petitioner in its petition, namely, *Wichita Visible Gasoline Pump Co. v. Clear Vision Pump Co.* (19 F. (2d) 435), mingles a holding of invalidity with a holding of non-infringement. At page 438 the court states:

> "In the case at bar it is evident that the narrowness of the original claim was not brought about by accident, inadvertence, or mistake, nor was the specification defective or insufficient, and the patent inoperative."

and at the conclusion of the same paragraph states:

> "For this reason we think appellants' device does not infringe the claims of the reissue patent."

To the extent that, in the *Wichita* case, the reissue was granted without a proper showing of accident, inadvertence or mistake in the grant of the original, the new reissue claims were *invalid*, and no issue of "intervening rights" arose. Likewise, the holding of non-infringement does not involve an "intervening right". It is submitted that the court's ruling of invalidity and non-infringement in the *Wichita* case presents no conflict with the holding of validity and infringement, and the *absence* of "intervening right" in the case now before this court, because of material differences in the facts and the principles of law applied thereto.

Neither the *Roos v. McMillan* nor the *Wichita v. Visible* decision decides a question of "intervening right" since

both cases rest upon a holding of invalidity or non-infringement, just as in the *Keller v. Adams-Campbell* case which this court dismissed after first granting certiorari.

The facts of the *Autopiano v. American Player* case are so unique, and so unlike the facts of this or any other case that has been reported, that it is believed to present no conflict with the present decision, and is to be treated either as one of those rare exceptions which the decision of this court in *Topliff v. Topliff* contemplated might arise, or as a case inadvertently decided without benefit of the guiding principles announced in *Stimpson v. West Chester Railroad Co.* and *Battin v. Taggert.* The incident that the District Court of the Second Circuit has accepted the decision of the Circuit Court of Appeals in the *Autopiano* case as controlling its later decisions in other cases where the question of "intervening rights" arose is of no consequence, since those decisions are contrary to the principles announced by this court, and were made without apparent reference to the controlling decisions of this court.

RESPONDENT HAS NOT COMMITTED LACHES.

Petitioner has confused its defense of "intervening right" with the defense of invalidity of a reissue patent resulting from laches in making application therefor. As above pointed out, an "intervening right" by definition and by logic, means only an individual right in derogation of a *valid* patent right. If for any reason a reissue patent is invalidly granted, the rights of the entire public

are affected, and the question of "intervening right" by an individual defendant does not arise. Thus, where a reissue patent is rendered invalid because of laches in making application, it is not because individual rights have intervened, but because the patentee has been negligent in perfecting the right to which he would otherwise be entitled. That point is aptly stated in the extract from the decision in *White v. Dunbar* above quoted on page 4.

The Patent Office and the Circuit Court of Appeals are in agreement that respondent was entitled to the grant of its reissue patent in suit; and the Circuit Court of Appeals has expressly held the reissue patent valid. It is only the element of "intervening right", upon which petitioner has based its petition for certiorari in this case, that distinguishes it from the ordinary patent case decided upon a question of validity or infringement which this court ordinarily declines to review unless the decision is in conflict with the decisions of other Circuit Courts of Appeal involving the same patent. It is therefore submitted that, for purpose of this review, respondent's reissue patent should be regarded as valid; and that there need be considered only the question of the private "intervening right" claimed by petitioner in derogation of respondent's reissue patent, as distinguished from invalidity because of laches. On that point, it is submitted that the principles and authorities above discussed point conclusively to an affirmance of the decision of the Circuit Court of Appeals.

However, since petitioner has referred to the matter of laches, respondent (without admitting that the point

is material to the question now before this court) respectfully submits that the facts of this case do not support petitioner's charge of laches.

The original Kohler patent No. 1,958,409 was granted upon May 15, 1934. Respondent's president, Mr. Love, who had had no previous experience in securing a patent, handled all correspondence in connection with the original Kohler application with his patent solicitor Schroeder. (R. 107.) Love erroneously thought Schroeder was an attorney-at-law; and notice of infringement was served on petitioner upon Schroeder's recommendation. (R. 106.) After the suit was brought, Love for the first time took the matter up with Mr. Charles S. Evans, of counsel herein, on whose recommendation application for reissue was promptly filed. (R. 106.) The application was prepared in San Francisco and sent to New York where it was executed by Kohler upon January 13, 1936 (Plf's. Ex. 4, offered in evidence at R. 100-1), the same day that petitioner's first answers to respondent's interrogatories were served and filed in San Francisco. (R. 74.) The application included a proper oath in which the facts relied upon as grounds for seeking the reissue were fully set forth (Plf's Ex. 4); and in due course the reissue patent here involved was properly granted. The application was filed promptly upon discovery of the grounds for reissue, and well within the two year limit prescribed by the decisions of this court (for example, *Topliff v. Topliff*, supra).

Upon allowance of respondent's reissue patent, motion was promptly made for leave to file an amended and supplemental complaint alleging the facts with respect to the

reissue patent. The trial court denied respondent's motion in so far as it involved the new claims of the reissue patent. (R. 17.) A second complaint alleging infringement of the new reissue claims was therefore filed; and the two suits were consolidated for trial. (R. 84.) Petitioner was on notice of respondent's reissue patent from the date of its notice of motion, June 26, 1936 (R. 92); and to all intents and purposes the two suits constituted a single proceeding from that time forward. There is nothing in the record to suggest that respondent at any time acted otherwise than diligently and in good faith in securing and enforcing the valid patent rights granted to it under the patent laws.

The decision of the Circuit Court of Appeals (R. 289) correctly states that "The burden of proving a defense of laches or estoppel is upon the defendant" (authority cited); and properly held that the defendant-petitioner had failed to sustain that burden. Since petitioner admittedly did not know of respondent's original Kohler patent until notice of infringement was served on October 9, 1935 (R. 77), six months after it acquired its infringing machine, petitioner was in no way prejudiced by the fact that respondent did not sooner discover the partial inoperativeness of the Kohler original patent which prompted the application for reissue. As announced by this court in *Topliff v. Topliff*, supra, it is only when application for reissue is delayed more than two years that it can be presumed to be unreasonably delayed. When as here application for reissue is filed within the two-year period, and the patent is reissued upon such application, it carries the usual presumption of validity. Here, to the

presumption of validity resulting from the issuance of respondent's reissue patent by the Patent Office, is added the express ruling of the Circuit Court of Appeals that the reissue has been validly granted; and that the petitioner failed to overcome that presumption.

RESPONDENT'S REISSUE PATENT IS SUPPORTED BY PUBLIC POLICY.

The two-year rule of *Miller v. Brass, etc.*, was arrived at by analogy with the statutory provisions and public policy relating to public use as a bar to the grant of a valid patent, 35 USCA Sec. 31; R. S. Sec. 4886. By recent amendment effective only as to applications filed after August 5, 1940, the period of public use of an invention which will bar the grant of a valid patent has been reduced from two years to one year. That amendment has no effect upon the present case. Under the statute as it existed up to the amendment of August 5, 1939, and as it applies to all patents issued on applications filed prior to August 5, 1940, the incident that an invention had been publicly used by others for a period less than *two* years prior to the filing of a patent application does *not* impair the inventor's right to secure a valid patent for his invention.

In enacting the patent statutes, Congress properly recognized that it is a matter of public interest to encourage progress and invention by rewarding inventors by the grant of exclusive rights to their inventions for a limited time. Also, Congress recognized that a reasonable time is required for an inventor to prove up and perfect his

invention; and the two-year period of public use required to bar the grant of a valid patent protects the inventor during that period from loss of his rights, either by dedication or abandonment to the public, or by appropriation by individuals. Within the two years of permissible public use, the inventor has had an inalienable right to apply for and secure a patent for his invention. The inventor may work right up to the end of the two-year period in adapting his invention to the conditions encountered in the practical application of his invention without loss of right; and a patent issued on an application so filed is not impaired by the incident that others may have taken up the use of the invention within that two-year period and before the application was filed. Such has been the public policy; and its wisdom is amply demonstrated by the remarkable progress and discoveries which inventors have made during the past century.

The reissue statute was expressly intended to protect inventors from loss of their rights due to inadvertence, accident or mistake in the securing of an original patent. Here again, public policy has recognized the justice of according to patentees the fair measure of reward to which a patentee is entitled, rather than to penalize the inventor for any inadvertence, accident or mistake occurring during the prosecution of his invention. In applying the two-year rule to the case of a reissue patent, it is believed that this court was motivated by the same principles that caused Congress to save the inventor's rights for a period of two years, namely to give the inventor a reasonable time to ascertain the practical effectiveness of his patent and the manner in which it is to be interpreted.

If, as is the fact, an innocent party independently practicing an invention for less than two years prior to the application for an original patent, may find himself cut off from the practice of the invention by the issuance of a patent of which he had no knowledge, regardless of the good faith with which he entered upon his project and the expense which he has incurred in connection therewith, there is no reason in law or in logic why the rule should be relaxed in the case of reissue patents. Of the two, equity would seem to favor the innocent user whose use preceded an application for an original patent. Where use of an invention precedes the reissue application, the user has at least constructive knowledge that another has made claim to the invention. If such user seeks to evade the patent while yet the right to secure a valid reissue continues, he must be held to do so at his own peril. (*Abercrombie v. Baldwin*, supra.) One who invades the field of a patented invention in reliance, real or otherwise, upon supposed limitations recited in the claims of an original patent, while it is still subject to valid reissue, is certainly entitled to less sympathy than the one who innocently invades the field of an invention before acquiring knowledge that any application has been filed.

Petitioner has suggested that the issuance of a patent with claims which, by inadvertence, accident or mistake, have been unnecessarily limited constitutes a dedication of the invention to the public as to all embodiments outside the scope of the claims as originally granted. Such a rule would be entirely contrary to the intendment of the reissue statute, and the public policy which it expresses. Reissues are intended to secure for the patentee the bene-

fits of an invention where the original patent is ineffective for that purpose. Having disclosed the invention and rendered it available to the public for unrestricted use after the expiration of the patent, the inventor has given to the public the full measure of the consideration for which the patent is granted. So long as the right to perfect that patent continues, there can be no dedication of the invention to the public, either during the two years of public use permitted before application for an original patent, or during the two years permitted for an application for a broadened reissue. (*Topliff v. Topliff*, supra.)

Certainly no such dedication is to be presumed to accrue to the advantage of an infringer who deliberately adheres to a course of infringing conduct with knowledge that the patentee is seeking to restrain such conduct. As a matter of public policy, one who properly avails himself of the privileges of securing letters patent, original or reissue, as respondent had done in this case, is believed to be clearly entitled to prevail over the infringer who deliberately seeks to evade the terms of the claims of an original patent in the hope that the patentee will not be able to establish or perfect the rights contemplated by the reissue patent.

In the present case, respondent's invention met with immediate commercial success. Prior to the introduction of respondent's machine, salted nuts had been sold in but few stores; and were a relatively uncommon commodity. Since the introduction of the Kohler machine (and because of it), the sale of the commodity has been very greatly extended; and salted nuts are now an every day commodity available to the public in fresh heated condition in

a great number and variety of stores. The public is enjoying the advantage of vastly increased availability of a desirable commodity resulting from respondent's patented invention. In return, public policy should extend to respondent the benefits of respondent's invention during the life of the patent here involved.

The theory which petitioner has advanced is directly opposed to the fundamental theory on which patents, original or reissue, are granted. Instead of rewarding the patentee by the grant of a patent effectively securing the patent rights for an invention, petitioner's theory would favor the resourceful infringer who is quick to ferret out and take advantage of defects in an original patent. This circumstance that a resourceful copier might discover a way of evading a defective patent more quickly than the patentee might discover the defect in his patent which makes such evasion possible, should not in equity be permitted to reward the infringer by extending to him a right in derogation of the patent (without benefit to the public as a whole), at the expense of the patentee who has taken appropriate and timely steps to protect the invention by reissue or otherwise.

THE ELEMENTS OF ESTOPPEL ARE ABSENT FROM THIS CASE.

If the defense of "intervening right" can be sustained in any case, it can only be by virtue of the doctrine of estoppel. The elements necessary to give rise to an estoppel are not present in this case; and the Circuit Court of Appeals has so held. (R. 310.) Estoppel has been aptly defined as follows:

> "'The following elements must be present in order to constitute an "estoppel" by conduct: (1) There must have been a *representation* or *concealment* of material facts. (2) The representation must have been made with *knowledge* of the facts. (3) The party to whom it was made must have been *ignorant* of the matter. (4) It must have been made with the *intention* that the other party would act upon it. (5) The other party must have been *induced* to act upon it.'" Words & Phrases, 2nd Series, p. 337 (supported by a long list of authorities).

In the present case, the following essential elements of an estoppel are lacking:

(1) *Knowledge* on the part of *respondent* of the defects and partial inoperativeness of respondent's original patent No. 1,958,409 at the time it was issued; and at the time suit was originally brought thereon.

(2) *Knowledge* on the part of *petitioner* of respondent's original patent No. 1,958,409.

(3) *Reliance* by petitioner upon supposed limitations of respondent's original patent No. 1,958,409.

(4) *Intent* upon the part of respondent to mislead petitioner.

(5) A change in position by petitioner *induced by* the conduct of respondent.

Petitioner acquired and used its infringing machine without knowledge of respondent's original patent. Respondent did not know of any defect or insufficiency in its original patent; and believed in the sufficiency of its patent even to the extent of bringing suit thereon. When notice of infringement was served and suit was brought by respondent, petitioner was advised that respondent

claimed patent rights covering the machine so acquired and used by petitioner; and that those rights were to be asserted against petitioner. Petitioner, by continuing its infringing practice in the face of respondent's notice and suit, made no change in its position; but proceeded at its own risk, in disregard of respondent's asserted right, and its statutory right to secure a reissue. Having brought suit against petitioner, it was to be presumed that respondent would exercise every right properly available to it, including the right to secure a reissue. Certainly petitioner was given no reason for believing that respondent would abandon its statutory right to secure a reissue; and since the right to secure a broadened reissue was still available to petitioner, there could be no dedication to petitioner or to the public during the period in which the right to apply for reissue could be properly made under the statute and the decision of this court prevailing at the time.

REPLY TO BRIEF FOR PETITIONER.

(On Writ of Certiorari.)

The brief filed in behalf of petitioner on the present writ of certiorari is an excellent example of argument which has generated uncertainty and confusion where neither should exist. It must be noted that petitioner's brief is marred by misstatements, assumptions, and implications, which respondent feels impelled to call to the attention of this court, although willing to assume they have arisen by inadvertence and mistake.

(1) Typical Errors in Petitioner's Brief Specifically Noted.

On page 4 of the brief, it is asserted that the thirteen additional claims of the Kohler reissue were framed to cover the machine being used by the petitioner. In support of that statement, petitioner refers to the findings of fact of the District Court. However, petitioner has failed to advise this court that there is not one shred of evidence to sustain that finding; and the Circuit Court of Appeals very properly ignored it. No denial of such finding by the Circuit Court of Appeals was required; and even if required, the reversal of the District Court is in itself a sufficient denial of the finding and its materiality. The claims are drawn to the applicant's invention; and were found allowable by the Patent Office. That they read on petitioner's machine is indicative of the machine's infringement, not of fault in the claims.

Again, on page 5, petitioner accuses respondent of "keeping the petitioner busy from December 16, 1935 to May 16, 1936 with interrogatories", but neglects to inform this court that it was petitioner's objections to answering respondent's proper interrogatories that consumed most of that time; and that the interrogatories were material to the cause stated in suit No. 3941-S as well as under the cause stated in suit No. 4133-S.

On page 12 of its brief, petitioner states that the "intervening user in this case acted in good faith on a dedication to the public made by the patentee when he narrowly limited the field of his monopoly by the claims of the original patent". The contrary is true. Petitioner admittedly knew nothing of respondent's reissue patent until long after it took up the use of its infringing ma-

chine. (R. 77.) Moreover, the authorities above cited preclude a dedication to the public within the two-year period during which application for a broadened reissue is a matter of right. Similar statements, appearing at other points in the brief, as for example at the top of page 45, are similarly refuted.

At page 49, respondent asserts that "petitioner's position was completely changed by respondent's affirmative acts". The record shows that petitioner acquired and used its infringing machine *without* knowledge of respondent's patents (R. 77); and merely continued its use without in any way changing its course of conduct after receiving notice of respondent's patents, and after suit was brought; and this in defiance of respondent's notice of and suit for infringement. This fact answers petitioner's statement; also its criticism of the ruling of the Circuit Court of Appeals (as stated on page 50 of the brief) with regard to the absence of facts creating an estoppel.

In the same paragraph, petitioner asserts that respondent ultimately admitted that there was no infringement of the original patent. This statement is pure assumption. Respondent's election to rely upon a limited number of claims of the reissue patent (R. 86) certainly involves no admission that other claims, including the claims of the original patent, were not also infringed. The issues raised by other claims have not been passed upon by any court.

At page 51, petitioner asserts that Susu Nut Co. put machines of the accused type on the market during 1933, and cites R. 131, in support of that statement. The reference in the record is to a machine which was *not* motor

driven, and which obviously was not the machine complained of in respondent's suit.

At page 52, petitioner asserts that "Respondent did not see fit to look at the original patent when it was received". This contradicts the record. The Kohler reissue oath, printed as appendix B in petitioner's brief, pages 59-64, states (page 64, lines 5-7) the patentee's understanding "when he received and read his patent".

The foregoing examples are illustrative of inaccurate and misleading statements which appear in petitioner's brief, and could mislead this court. For that reason it is necessary to note and correct them here.

(2) Petitioner's Argument Briefly Discussed.

Petitioner's brief summarizes for this court the various theories and arguments which have been urged in the past in support of the "doctrine of intervening rights"; and which are reflected in the decisions of various courts in cases where the issue has arisen. The reluctance of the courts to accept those theories and arguments, the uniformity with which the courts have based their decisions upon other grounds, and the absence of any authoritative decision supporting petitioner's position, all combine to brand the "doctrine" as unsound and untenable.

The index of citations appearing at pages ii to vi of petitioner's brief constitutes an impressive tabulation of decisions and writings supposedly supporting petitioner's theories and argument. Here, as in most controversial matters involving a departure from the established order of affairs, the bulk of the literature written on the subject is the result of the efforts of the minority seeking to bring

about the change; or to explain or establish an innovation marking a departure from that which, by natural evolution through the years, has acquired general acceptance and approval. A detailed discussion of the numerous citations would needlessly lengthen this brief; and is deemed unnecessary for the reason that their fallacies are self-evident.

(3) The Patent System, Including Reissues, Is Founded Upon a Public Policy Which Has Withstood Attack.

In the very early years of our national government, it was recognized that it was a matter of public interest to encourage progress in the arts and sciences by granting patents to inventors for their inventions; and the patent statutes are founded upon that broad public policy. Yet, there has always been a minority opposed to the grant of patents; and much has been written condemning the grant of patents, and urging the repeal of the patent statutes. Notwithstanding such attacks, the public policy which gave rise to the growth of the patent system remains unshaken. The grant of patents has continued throughout the years as a matter of inestimable importance in the industrial and commercial development of the nation; and has been an important factor in the raising of the standard of living of the American workman. One has only to regard the revolutionary developments that have sprung into being during the present generation, for example, radio, the motion picture, the automobile, the airplane, and countless others, and the enormous fields of employment and business opportunity which they have created, to appreciate the wisdom of rewarding inventors for their achievements; and to recognize that the interest

of the public and of the common man in the orderly administration of the patent laws has been magnified rather than diminished during recent years. Invention provides a straight path along which the common man may advance to improve his station in life; and the rights of inventors progressing along that path should be carefully guarded.

Reissues, being of an exceptional nature,* have frequently been singled out for especially severe attack. Petitioner has studiously culled from the writings on the subject those extracts and isolated phrases which it finds most favorable to its present private interest, and which it hopes to force into the present case to change its real significance. The variety and erudition of petitioner's numerous quotations has little to do with and no sound application to the facts of this case. Petitioner has cited everything from Franklin's autobiography to Parezich and Fields treatise on Industrial Research, but has overlooked quoting Shakespeare. Respondent will rectify that omission by saying with Antonio: "The devil can cite scripture for his purpose." Here again the deep-rooted public policy which gave rise to the patent statutes, including the reissue statutes, has withstood the adverse criticisms of opponents of our patent system, as well as the futile effort of infringers to escape the consequences of their infringing acts.

---

* The Official Gazette of the United States Patent Office, Vol. 512, No. 4, issued March 26, 1940, lists the highest numbered original patent as of that date as No. 2,195,392. The highest numbered reissue patent as of that date is No. 21,412. This indicates that less than 1 in 1000 original patents have been reissued. Of those that have been reissued, only a small percentage have been involved in litigation before the courts; and of these only a small percentage have involved a question of "intervening rights".

Within the limitations imposed by law, the right to secure a valid reissue patent is a vitally important adjunct to the right to secure an original patent; and it has been so recognized by Congress and by the courts for more than 100 years.

In discussing the origin of reissues, even before the first reissue statute of 1832, Robinson on Patents, Sec. 853, Vol. 2, page 295, states:

> "The principle on which this practice rested is easily discernible. The inventor, having a right under the law to a patent for his actual invention, and not having succeeded in obtaining such a patent by his first attempt, was entitled to make another application and receive a more perfect patent. But in doing this he was liable to be met by the objection that his invention had already gone into public use and that his right to any protection had been thereby lost. To avoid this objection the method of securing the same object by amending the original patent, was devised, to the mutual advantage both of the inventor and the public,—the inventor escaping the objection before mentioned, and the public becoming completely possessed of the invention at the expiration of the term of the original patent, instead of being compelled to await the passage of a new term dating from the issue of a later patent."

See also:

French v. Rogers (1851), 1 Fisher 133.

(4) The "Two-Year" Rule Has Effectively Prevented Abuse of the Reissue Privilege.

Abuses of the reissue privilege which arose during the early years of practice under the reissue statutes were effectively curbed by this court when, by its decisions in *Miller v. Brass*, *Mahn v. Harwood*, *Topliff v. Topliff*, and similar cases, it established the "two-year" rule. By cita-

tion of genuine abuses, and emphasis on phrases uttered with reference to those abuses, petitioner has implied that the present case is also one of abuse which should be rectified. It is to be noted however that the cited decisions turn on facts *not* here present.

The "two-year" rule of *Miller v. Brass*, etc. has been and still is accepted as a fully established principle of patent law. By that rule, two years' delay between the issuance of an original patent and an application for reissue thereof is ordinarily "treated as evidence of an abandonment of the new matter to the public *to the same extent* that a failure by the inventor to apply for a patent within two years from the public use or sale of his invention is regarded by the statute as conclusive evidence of an abandonment of the patent to the public". (*Topliff v. Topliff*, supra.) Circumstances *may* excuse a longer delay, but in general the language of the decision of this court in *Topliff v. Topliff* means that within such two-year period *no dedication* to the public can occur merely because of delay, just as (that is, "*to the same extent* that") *no abandonment* or loss of right can result from public use less than two years before the filing of an original application.

The rule so laid down by this court has been uniformly adhered to by it; and the rights of a reissue patentee under a validly granted reissue patent have been given full recognition. Petitioner admits that in no case has this court held that an individual may acquire a personal "intervening right" in derogation of the validly granted right of a reissue patentee. Instead, this court has uniformly held that *no* such "intervening right" can be ac-

quired. The question, first raised but unanswered in the case of *Grant v. Raymond*, was definitely answered in favor of the reissue patentee in *Stimpson v. West Chester* and *Battin v. Taggert*, before the two-year rule was announced; and in *White v. Dunbar* and *Abercrombie v. Baldwin* since that rule was announced.

The rights of a reissue patentee are as deeply rooted in the fundamental principles of our patent system as the rights of an original patentee; and so long as the reissue statutes remain in force, the rights conferred by a valid reissue patent are entitled to full recognition and enforcement by the courts.

(5) Recent Legislation May Be Assumed to Reduce the "Two-Year" Rule to a "One-Year" Rule as to Applications Filed After August 5, 1940.

Petitioner suggests that the two-year rule as announced in *Miller v. Brass*, and reaffirmed in *Mahn v. Harwood* and *Topliff v. Topliff*, has been outmoded; and that in this age of streamlined endeavor, two years is too long a time to allow a patentee to discover inadvertence, accident or mistake entitling him to secure a valid reissue. Even if that be assumed, the suggestion is fully answered by the act of Congress, August 5, 1939, C. 450, Sec. 1, 53 Stat. 1212; 35 U. S. C. A. Sec. 31, whereby the period of public use necessary to bar the grant of a valid original patent is reduced from *two* years to *one*. Congress in its wisdom has concluded that the quickened tempo of present day affairs has reduced to one year the time within which an inventor must make application for an original patent after public use of his invention has occurred. The analogy by which this court laid down the

"two-year" rule under the statute then (and now) in force will of course apply in like manner, and with like effect, to the reissue of patents under the amended law when it becomes effective. As to all patents granted pursuant to the recently amended statutory provisions, a like limitation of one year for making application for reissue seems inevitable. However, in so amending the statutory provisions, Congress has expressly provided that the amendment is effective only as to patents applied for *after* the effective date of the act, namely, August 5, 1940. The amendment, and the one year limitation prescribed thereby, has no effect upon patents applied for before August 5, 1940, and should have no effect by inference upon the present case.

If, as petitioner insists (but which respondent denies), the two-year rule has imposed hardship upon individuals seeking to evade original patents during the period in which a broadened reissue may be applied for, Congress has already acted to correct such alleged hardship. Until the amended law becomes effective, the law as it existed prior to the amendment controls, and should be enforced in accordance with the principles which have been uniformly applied by this court in the past.

(6) "Public Policy" Is Not Concerned With the Private Interests of an Individual Defendant Claiming an "Intervening Right".

Petitioner's effort to mask its flagrant invasion of respondent's patent rights, and to hide behind an alleged question of "public policy" and "public right", to avoid the consequences of its infringement of respondent's reissue patent, is transparently fallacious. It is not a "pub-

lic right" or "public interest" or "public policy" with which petitioner is concerned, but purely its own private interests. Petitioner began its infringing acts without knowledge of respondent's patent rights. Upon being notified of those rights, it elected to ignore them; and for purely personal reasons in no way affected by "public policy" persisted along its course of infringing conduct. In continuing its infringing acts after such notice, and even after suit was brought against it for infringement of respondent's patent rights, petitioner did so at its own risk. (*Abercrombie v. Baldwin*, supra.)

Petitioner, in its brief, has directed its argument for the most part to attacking the validity of respondent's reissue patent on an alleged (but unfounded) theory that the application for reissue is invalid because of alleged laches. However the fact remains, (1) that the application was filed well within the two year limit laid down by this court; (2) that the Patent Office held that the circumstances entitled respondent to the grant of the reissue here involved; and (3) that the Circuit Court of Appeals for the Ninth Circuit has affirmed the validity of the reissue, and has expressly held that the "burden of proving a defense of estoppel or *laches* is on the defendant" (R. 289), and that the petitioner has clearly failed to sustain that burden.

Petitioner's brief might carry some persuasion if directed to Congress in behalf of an amendment or repeal of the reissue statute. Before this court however, the argument evidences only an attempt to cause the *public interest*, which, under existing law as construed by this court, bars the grant of a valid broadened reissue on an application filed within the two year limit prescribed by

this court, to be confused with the *private interest* of an individual claiming a personal "intervening right" in derogation of a valid reissue patent by virtue of a course of conduct begun before the reissue application was filed, and without knowledge of the original patent upon which the reissue was based.

The public interest is concerned with protecting the right of the common man, who has made a meritorious invention, to secure effective patent protection for his invention as a reward for the contribution he has made to the general public welfare. That interest is certainly paramount to the private interest of an individual who by inadvertence, or by design, attempts to appropriate rights belonging to another. In such cases, the frustration and possible injury of the over-zealous appropriator of the inventor's rights is secondary to the public policy which is aimed at the preservation of the right in any proper case to correct a defective patent. The latter right should be jealously guarded for the benefit of all the great body of inventors who have contributed more than two million inventions to the advancement of the public welfare.

It is submitted that it is only the question of a private "intervening right" which is properly raised in the present proceeding; and that it was only for the purpose of deciding that disputed point that the present writ of certiorari was granted. On that point, the prior decisions of this court in *Stimpson v. West Chester Railroad*, *Battin v. Taggert*, *Topliff v. Topliff*, *White v. Dunbar*, and *Abercrombie v. Baldwin*, clearly hold against the acquisition of such a private "intervening right".

(7) The Decision of the Circuit Court of Appeals in This Case Is in Conformity With Public Policy and the Prior Decisions of This Court.

The Circuit Court of Appeals, in its decision here involved, has carefully considered the question of "intervening rights", and has summarized the principles involved. Under the rule laid down by *Topliff v. Topliff*, the two-year rule as related to reissue applications applies "*to the same extent*" as the statutory provision with respect to the two years (reduced to one year beginning August 5, 1940) required to bar the grant of a valid original patent; and under that rule, no dedication can occur within the two-year (presumably one year after August 5, 1940) period. With respect to the *Topliff v. Topliff* decision, the Circuit Court of Appeals states (R. 293):

> "It reiterated the two-year rule of the Brass Co. case, stating that the lapse of two years will ordinarily, though not always be treated as evidence of abandonment of new matter to the public *to the same extent* that a failure of an inventor to apply for a patent within two years from the public use or sale of his invention is regarded by the statute as conclusive evidence of an abandonment of the patent to the public."

With reference to the decision in *White v. Dunbar* the Circuit Court of Appeals had quoted, with emphasis (R. 306), that:

> "* * * *The circumstance that other improvements and inventions, made after the issue of a patent, are often sought to be suppressed or appropriated by an unauthorized reissue, has sometimes been referred to for the purpose of illustrating the evil consequences of granting such reissues; but it adds nothing to their illegality.* That is deduced from general principles of

law as applied to statutes authorizing reissues, and affecting the rights of the government and the public.' (Italics are by the Court.)"

Also, the Circuit Court of Appeals has quoted (R. 308) the reference made by this court to its decision in *Abercrombie v. Baldwin*, as quoted in the *Keller v. Adams Campbell* case (264 U. S. 314) wherein it was said:

> "In Abercrombie and Fitch Co. v. Baldwin, 245 U. S. 198, a change, in the reissue, of the language of an original claim made it cover not only a bent pipe as shown, but a straight pipe as well, where the substance of the invention included both, *and it was held that the intervening rights of immunity of the infringer did not extend beyond the date of the reissue.*" (Emphasis by the court.)

From these and other leading decisions considered, the Circuit Court of Appeals has correctly concluded (R. 308-10) that:

> "1. A broadened reissue applied for more than two years from the date of the original patent is invalid in the absence of special circumstances justifying the delay, which invalidity is not affected by the presence or absence of intervening rights. The invalidity of a belated reissue broadening the claims of the patent has its basis in the general patent law invalidating a patent applied for after two years of public use.
>
> 2. Since it is two years public use that will prevent an inventor from obtaining a patent, it follows that in the absence of knowledge of and reliance on the original patent, or facts creating an estoppel, a defendant relying on 'intervening rights' as a defense must show two years use prior to the date of the application for the broadened reissue. It is conceivable that such use might start prior to the issuance of the original patent, in which event the two years period would expire before the reissue would be barred

under (1) above. Or, the broadened reissue might be applied for more than two years after the issuance of the original, but nevertheless be valid because of sufficient excuse for the delay. In such instance, too, a defense of 'intervening rights' might arise.

Where the defendant can show two years use of the patent prior to the application for the broadened reissue, it would seem that it might constitute an absolute defense, extending beyond the date of the reissue. This is not necessary to now decide.

3. When the defense of 'intervening rights' is not based on two years user of the patent, it can only arise from knowledge of and reliance on the original patent, or facts creating an estoppel. The defense in these circumstances would prevent the retroactive application of the reissue, and make the defendant immune from suit for infringement up to the date of the reissue. Here the grant of the valid reissue might cut off the rights of the adverse user, and make him liable for infringement thereafter, depending upon the circumstances of the case.

In the instant case there was admittedly no knowledge of or reliance on the scope of plaintiff's patent, and no facts creating an estoppel. Furthermore, defendant has not shown a two-years user of the infringing patent. The defense of intervening rights is denied."

(8) No Practicable or Equitable Rule Has Been Suggested by Petitioner.

To save petitioner from the consequences of its infringement of respondent's patent rights, petitioner is now asking this court to lay down a *new rule* of interpretation, overruling its own prior decisions, and at variance with the statutory provisions relating to reissues. It is difficult to believe that this plea is prompted by any altruistic wish to protect the public interest, or to establish a new doctrine of law in the public interest, or for any

other reason other than the purely personal desire to escape the consequences of its deliberate and wilful infringement of respondent's patent rights.

Petitioner has outlined five different rules which it suggests might be adopted by this court. Not one of the suggested rules can be adopted without doing violence to the established principles laid down and adhered to by this court for the past 100 years.

First, petitioner suggests a rule of personal estoppel. Such a rule is contrary to the express holding of this court in *Stimpson v. West Chester Railroad, Eattin v. Taggert, White v. Dunbar,* and *Abercrombie v. Baldwin,* each of which holds against the acquisition of a personal intervening right with respect to a valid reissue patent. Moreover, any such rule would, of necessity, depend upon a finding of fact giving rise to an estoppel, and for that reason would be impracticable for general application. The elements of an estoppel are so seldom encountered, and so difficult to establish, that the rule would be of little if any value to the lower courts in other cases involving different facts.

The suggested rule, if announced by this court, would avail nothing to the present petitioner, since knowledge, intent, reliance, and other elements necessary to create an estoppel are absent from this case.

Secondly, petitioner suggests a rule involving the application of the doctrine of *laches* to the facts of each particular case, without benefit of the presumption arising from application of the "two-year rule". Such a rule could only result in increased confusion and misunderstanding. The two-year rule has been a guide for directing

the lower courts to a correct decision in the vast majority of cases where the point has arisen. By eliminating the two-year rule and placing each case strictly upon its own facts, the courts would be deprived of the only guide which they have had in the past on that issue; and such lack of uniformity as has occurred in the decisions rendered in the past would in all probability be magnified in the future. Moreover, such a rule goes solely to the question of validity, rather than "intervening right"; and would be of no aid whatever in settling the issue of "intervening right" which is believed to be the only question properly before the court in this proceeding. The present "two-year" rule (which under the amendment becoming effective August 5, 1940, may be assumed to be reduced to *one* year), lays down a reasonable measure of diligence by which laches may be gauged, and by which validity may be determined. It is submitted that this rule should not be disturbed.

As a third alternative, petitioner again suggests that this court abandon the long established "two-year" rule: and, in anticipation of the change which it is expected will follow the practice under the amendment becoming effective August 5, 1940, that this court lay down a new "one-year" rule to become effective before the time contemplated by the amendment of August 5, 1939. Obviously such a rule is suggested solely for the private advantage of petitioner in this case, in an effort to gain the advantage of a statutory amendment passed too late to save petitioner from the consequences of its past infringement. Petitioner admits that such a rule would be of little aid in deciding future cases, since it would only shorten the period within which the old question of "intervening

right" might arise. In any event, Congress has clearly stated that the amendment is not to be effective as to applications filed before August 5, 1940; and no retroactive effect, such as petitioner now seeks, was contemplated or is permissible.

As a fourth alternative (and the one most strongly urged), petitioner has asked this court to lay down a rule by which *any* use of an invention outside the scope of a defective or insufficient patent occurring between the date of the original patent and the date of application for reissue thereof, would invalidate broadened claims of the reissue on a presumption of laches, regardless of any other circumstance. Such a rule would effectively emasculate the reissue statute; and defeat its purpose. It would serve merely to encourage unscrupulous manufacturers to ferret out ways and means of avoiding the terms of any new patent that might strike their fancy. The rights of the inventor could be defeated without regard to the character of inadvertence, accident or mistake occurring in the original patent; and without regard to the diligence with which the patentee might act to correct such defects or insufficiencies. Any practice of the invention by third parties either with or without knowledge of the original patent, would invalidate any broadened claim to which the inventor might be entitled in a reissue of a defective or insufficient patent.

Less than one in a thousand original patents have been reissued. All too often, however, valuable inventions are placed in the hands of patent agents who, from lack of ability or understanding of the invention, or from insufficiencies in the disclosure by the inventor, permit

patents to issue improvidently with defective or insufficient specification or claims. The purpose of the reissue statute is to permit the correction in proper cases of such defects or insufficiencies. To permit the innocent patentee to be deprived of the right to secure a valid reissue in the circumstances contemplated by the statute because another, either by chance or by design, had made or used a device embodying the invention without infringing the strict terms of the defective patent, would be contrary to every principle of the law and practice relating to reissue patents heretofore recognized. An innocent mistake in the delineation of an invention in a patent claim would open the field to the unscrupulous pirate quick to copy a meritorious invention without contributing anything of a constructive nature to the public.

The patent laws are intended to encourage new industry, and to make it worth while for manufacturers to market new products, and to open up new lines of endeavor and new fields of employment, and so promote the public welfare. The imitator who merely follows in the wake of progress, edging in on the market created and proved by his more energetic and far-sighted rival, is entitled to little consideration. Certainly the imitator is not entitled to be rewarded, by being given a free field, merely because he strikes upon an evasion of a defective patent sooner than the patentee, who has pioneered the invention, discovers the insufficiency which makes the evasion possible.

One who has made a meritorious invention and disclosed it to the public, even defectively, is entitled to his reward of a patent. In more than nine hundred and ninety-nine patents out of a thousand, the original patent

serves the purpose of the inventor, and unlicensed appropriators may be restrained from use of the invention for the term of the patent. In the one thousandth patent, where inadvertence, accident or mistake has resulted in a defective patent, the reasonable time which this court has prescribed for making correction by reissue can hardly be regarded as a hardship upon anyone; unless it is the patent pirate, and he merits no sympathy or consideration.

As a fifth alternative, petitioner has suggested that this court overrule all of its past decisions sustaining the validity of broadened reissue patents, and that it now construe the reissue statute (R.S. 4916; U.S.C.A. Title 35, Sec. 64) to exclude the granting of reissues with broadened claims; and to hold that all reissues which include broadened claims are unauthorized. The suggestion is preposterous. Since before the first reissue statute (1832), this court has uniformly recognized (beginning with *Grant v. Raymond*) that patents may be reissued to correct defects and insufficiencies in an original patent. A defective or insufficient claim is obviously contemplated by the statute, and this court so held on numerous occasions (i. e., *Miller v. Brass, White v. Dunbar, Topliff v. Topliff*, etc.). The mere suggestion of such a scuttling of fundamental principles of the patent law as enacted by statute and applied by the courts clearly indicates the extremity in which petitioner now finds itself.

(9) A Simple Restatement of Old Rules and Principles Is All That Is Required to Restore Order to the Confused Issue of "Intervening Right".

Instead of any of the five new rules of construction which petitioner has urged this court to adopt in its behalf, all that is necessary to clarify and restore order to the

confused issue of "intervening right" is for this court to restate the old established rules and principles which it has laid down and consistently followed in the past. Those rules and principles may be summed up and restated in simple form which will dispose of this case, and answer the question of "intervening rights" in all future litigation, in full accord with the patent statutes and the past decisions of this court.

As to the question of an *individual* "intervening right" which is the issue primarily involved in this case, it is submitted that the rule, in substance should be that:

> No private or "intervening right" in derogation of a *valid* reissue patent, by reason of any use by any party of the invention claimed in the reissue patent, can arise between the date of the original patent and the date of application for reissue, unless said use shall have been for a time not less than that which would bar the grant of an original patent.

Such a rule is based squarely upon the decisions of this court in *Stimpson v. West Chester Railroad Co.*, *Battin v. Taggert*, *Topliff v. Topliff*, *White v. Dunbar*, and *Abercrombie v. Baldwin*, supra. Thus, it has been expressly held that use of an invention between the date of an original patent and the date of application for reissue gives the user no rights in derogation of the reissue (*Stimpson v. West Chester Railroad Co.*, *Battin v. Taggert*, and *Abercrombie v. Baldwin*); and that validity of a reissue patent is *not* affected by the activities of other parties during the period between the date of the original patent and the date of application for reissue. (*White v. Dunbar.*) It is of course the date of application for re-

ssue that controls, since appeals, interferences, or other proceedings in the Patent Office might readily so delay ssue of the reissue patent as to defeat the right to reissue hrough no fault of the applicant. That the two-year rule pplies to the same extent to reissue patents as the two-ear public use statute applies to original patents is pecifically held by *Topliff v. Topliff*. The exception is he one noted by the Circuit Court of Appeals in the resent case, and which is believed to be the exception hich this court had in mind as affording a possible "in-ervening right" when it rendered its decision in the *Topliff* case.

The rule above suggested by respondent rests upon the ssumed validity of the reissue patent in suit, which of ourse presupposes a proper case of inadvertence, acci-lent or mistake, as well as absence of any fraudulent or leceptive intention, and other prerequisites provided by he statute; also a timely application within the two-year ule as laid down by this court. Under no other circum-tances could a private "intervening right" arise, since public right would result in invalidity of the patent, nd there would be no occasion for an individual de-endant to rely upon a private intervening right.

Since only the defense of a private "intervening right" s properly raised in this proceeding, it is submitted that he question of laches as affecting the validity of the atent need not be here considered. However, because etitioner has based most of its argument upon the theory hat intervening rights, either public or private, may rise from laches upon the part of an applicant for a eissue patent, it is submitted that petitioner's argument

is fully met by the rule of diligence announced by this court in *Topliff v. Topliff*, wherein the court expressly ruled that in the case of reissues

> "* * * sought for the purpose of enlarging the claim, the lapse of two years will ordinarily, though not always, be treated as evidence of an abandonment of the new matter to the public *to the same extent* that a failure by the inventor to apply for a patent within two years from the public use or sale of his invention is regarded by the statute as conclusive evidence of an abandonment of the patent to the public."

The rule so announced affords an adequate measure of the diligence required to preclude laches; and a reaffirmation of that long accepted rule will obviate that issue in this case, and in comparable cases which may arise in the future. Under the amendment to R. S. 4886 becoming effective August 5, 1940, the period will presumably be shortened to one year in conformity with the shortened period of public use; but that change is not material to the present cause.

Aside from the two-year rule of diligence laid down in *Topliff v. Topliff*, respondent in this case is not subject to the defense of laches. The record clearly shows that the reissue patent here in suit was duly granted by the Patent Office; and its validity has been affirmed by the Circuit Court of Appeals. Respondent's reissue application was filed promptly after discovery of the defects and insufficiency of the original patent (Reissue Oath; Ex. 4, R. 100-1); and the Circuit Court of Appeals has correctly held that petitioner has failed to sustain the burden of proving its defense of estoppel or laches. (R. 289.)

SUMMARY.

Summarizing briefly, respondent submits:

1. That the issue here presented is confined to the question of a private "intervening right" alleged by petitioner in derogation of respondent's valid reissue patent rights.

2. That the "doctrine of intervening rights" as here raised, presupposes a valid reissue patent.

3. That the question of "intervening right" has long ago been decided by this court; and the decisions of this court preclude the acquisition of a private "intervening right" by petitioner in the present case. Even though the point had not been passed upon by this court, justice requires that the valid rights of a reissue patentee be protected against the artificial and untenable defense of "intervening right" contended for by petitioner.

4. That petitioner's defense of "intervening right" does not properly raise a question of "laches" in respondent's application for reissue. Also that, even though the question be raised, (1) the rule of diligence announced in *Topliff v. Topliff* precludes a finding of laches in this case; (2) the facts of the case do not warrant a finding of "laches"; and (3) petitioner has failed to sustain the burden of establishing "laches" as a defense.

5. That if it be assumed that the alleged defense of "intervening right" can arise, it can only be by virtue of an estoppel, or by two years prior use; and that the elements of an estoppel as well as such use are absent from the present case.

6. That the grant of respondent's reissue patent, and its enforcement against petitioner is in full accord with

public policy as expressed by the patent statutes and by the great weight of judicial interpretation. The public interest requires a true but liberal interpretation of the patent statutes to avoid a government of men instead of a government of law. The patent system of the nation has played too important a part in the progress of the nation and the raising of the national standard of living to permit any portion of the system to be scuttled for the benefit of an individual infringer.

CONCLUSION.

In conclusion, it is submitted that the decision of the Circuit Court of Appeals for the Ninth Circuit, here involved, has correctly decided all issues presented in the case; and that said decision should be affirmed. Respondent therefore prays that said decision be affirmed, and for such other and further relief as may seem proper in the premises.

Dated, San Francisco, California,
April 12, 1940.

Respectfully submitted,
CHARLES S. EVANS,
HUGH N. ORR,
Attorneys for Respondent.

SUPREME COURT OF THE UNITED STATES.

No. 671.—October Term, 1939.

Sontag Chain Stores Co., Ltd., Petitioner, vs. National Nut Company of California.	On Writ of Certiorari to the United States Circuit Court of Appeals for the Ninth Circuit.

[May 20, 1940.]

Mr. Justice McReynolds delivered the opinion of the Court.

The Circuit Court of Appeals declared respondent's reissue patent No. 20,024, for a nut treating apparatus, valid and infringed by petitioner's use of the accused machine, and rejected the defense of intervening rights. The record requires us to consider what effect an enlarged, inclusive reissue claim has upon the use of a machine manufactured and operated after grant of the original patent without infringing it, but which does come within the enlargement.

Kohler's patent—No. 1,958,409—with four narrow claims, issued May 15, 1934.

Petitioner procured and began to use the machine here accused about April 1, 1935. It first obtained actual knowledge of the original patent October 8, 1935 when notice of infringement was received. Nothing shows earlier knowledge by the manufacturer who began to make and sell like machines not later than August 1934.

By suit filed in the District Court, October 19, 1935, respondent charged petitioner with infringing the original patent, and asked appropriate relief. Infringement was denied by answer, November 22, 1935.

January 15, 1936 respondent applied for and on June 30, 1936 obtained a reissue patent—No. 20,024—with seventeen claims. The first four were identical with the original ones; thirteen of broader scope cover petitioner's machine. Respondent was moved to obtain the reissue by petitioner's use of the accused machine.

January 26, 1937 respondent began another proceeding charging infringement of the enlarged claims. Petitioner's answer relied

upon intervening rights acquired through public use without violating the original patent; also, invalidity of the reissue because of laches. The two suits were consolidated; claims one to four were not relied on. A single decree went for petitioner. Both bills were dismissed.

Infringement of respondent's design patent No. 89,347—February 28, 1933—was alleged, but both courts declared it not infringed. No point in respect of it is before us.

The District Court held—"That with respect to Kohler Reissue Letters Patent No. 20,024 in suit, this defendant and those in privity with it, including the manufacturer of the machine in question, acquired intervening rights which in equity plaintiff may not now disturb." The Circuit Court of Appeals reversed and directed a remand.

The cause is here by certiorari. Petitioner asserts the reissue patent is void because of laches; also that by reason of acquired intervening rights, use of the accused machine may continue.

The provision concerning reissues in the present Patent Act, Section 4916 Revised Statutes as amended by Act May 24, 1928, c. 730, 45 Stat. 732; U. S. C. A. Title 35, sec. 64, is copied in the margin.[1]

[1] Whenever any patent is wholly or partly inoperative or invalid, by reason of a defective or insufficient specification, or by reason of the patentee claiming as his own invention or discovery more than he had a right to claim as new, if the error has arisen by inadvertence, accident, or mistake, and, without any fraudulent or deceptive intention, the commissioner shall, on the surrender of such patent and the payment of the duty required by law, cause a patent for the same invention, and in accordance with the corrected specification, to be reissued to the patentee or to his assigns or legal representatives, for the unexpired part of the term of the original patent. Such surrender shall take effect upon the issue of the reissued patent, but in so far as the claims of the original and reissued patents are identical, such surrender shall not affect any action then pending nor abate any cause of action then existing, and the reissued patent to the extent that its claims are identical with the original patent shall constitute a continuation thereof and have effect continuously from the date of the original patent. The commissioner may, in his discretion, cause several patents to be issued for distinct and separate parts of the thing patented, upon demand of the applicant, and upon payment of the required fee for a reissue for each of such reissued letters patent. The specifications and claims in every such case shall be subject to revision and restriction in the same manner as original applications are. Every patent so reissued, together with the corrected specifications, shall have the same effect and operation in law, on the trial of all actions for causes thereafter arising, as if the same had been originally filed in such corrected form; but no new matter shall be introduced into the specification, nor in case of a machine patent shall the model or drawings be amended, except each by the other; but when there is neither model nor drawing, amendments may be made upon proof satisfactory to the commissioner that such new matter or amendment was a part of the original invention, and was omitted from the specification by inadvertence, accident, or mistake, as aforesaid.

It derives through the Acts July 3, 1832, c. 162, sec. 3, 4 Stat. 559; July 4, 1836, c. 357, sec. 13, 5 Stat. 117, 122; March 3, 1837, c. 45, sec. 5, 5 Stat. 191, 192; July 8, 1870, c. 230, sec. 53, 16 Stat. 198, 205.

The reissue provision, Act 1832, was supplanted without change presently important by the corresponding one in the 1836 Act. This was substantially reenacted in 1870. Modifications by the 1928 Act are not important here. *Stimpson* v. *West Chester Railroad Co.*, (1846) 4 How. 380, 402; *Parker and Whipple Co.* v. *Yale Clock Co.*, (1887) 123 U. S. 87, 96; Walker on Patents, Deller's edition (1937), Vol. 2, p. 1342. Robinson on Patents (1890) Vol. 2, sec. 653 *et seq.*

These provisions have often been before the courts and there are sharply differing views concerning them. Some of the pertinent cases are noted below.[2]

The Circuit Court of Appeals after holding the enlarged reissue claims valid and infringed further declared: "In the instant case there was admittedly no knowledge of or reliance on the scope of plaintiff's patent, and no facts creating an estoppel. Furthermore, defendant has not shown a two-years user of the infringing patent. The defense of intervening rights is denied."

For present purposes we assume, without deciding, correctness of the conclusion that the reissue patent was valid and infringed, and upon that assumption, we come to consider the effect of the enlarged claims upon petitioner's machine, lawfully manufactured and operated prior to their inception. There is nothing to show dishonesty, bad faith, or deceptive intention upon petitioner's part.

Counsel for respondent insist the denial of intervening rights finds adequate support in *Stimpson* v. *West Chester Railroad Co.*,

[2] Stimpson v. West Chester Railroad Co. (1846) 4 How. 380; Battin v. Taggert, (1854) 17 How. 74; Miller v. Brass Co., (1881) 104 U. S. 350; Mahn v. Harwood, (1884) 112 U. S. 354; Coon v. Wilson, (1885) 113 U. S. 268; Wollensak v. Reiher, (1885) 115 U. S. 96; White v. Dunbar, (1886) 119 U. S. 47; Newton v. Furst and Bradley Co., (1886) 119 U. S. 373; Ives v. Sargent, (1887) 119 U. S. 652; Parker and Whipple Co. v. Yale Clock Co., (1887) 123 U. S. 87; Electric Gas Co. v. Boston Electric Co., (1891) 139 U. S. 481; Topliff v. Topliff, (1892) 145 U. S. 156; Leggett v. Standard Oil Co., (1893) 149 U. S. 287; Dunham v. Dennison Manufacturing Co., (1894) 154 U. S. 103; Abercrombie & Fitch Co. v. Baldwin (1917) 245 U. S. 198; Kellog v. Adams Campbell Co., (1924) 264 U. S. 314, and cases there cited; Altoona Theatres v. Tri-Ergon Corp., (1935) 294 U. S. 477; Wooster v. Handy, (1884) 21 Fed. 51; Ashley v. Samuel C. Tatum Co., (1917) 240 Fed. 979; General Refractories Co. v. Ashland Fire Brick Co., (1926) 15 F. (2d) 215, reversed on appeal (1928) 27 F. (2d) 744; Christman v. New York Air Brake Co., (1928) 1 F. Supp. 211; Moto Meter Gauge & Equipment Corp. v. E. A. Laboratories, (1932) 55 F. (2d) 936.

supra; Battin v. *Taggert, supra; White* v. *Dunbar, supra; Topliff* v. *Topliff, supra; Abercrombie & Fitch Co.* v. *Baldwin, supra.* The first two are in point; but when considered in connection with later opinions are not decisive of the present issue. The other cases relied upon are not especially helpful.

The Patent Act of 1832 was a response to *Grant et al.* v. *Raymond,* (Feb. 23, 1832) 6 Pet. 218, 242, 243-244. The opinion there (Chief Justice Marshall) affirmed the power of the Secretary to grant an application dated April 20, 1825 for reissue of a patent dated August 11, 1821 although not expressly authorized so to do, upon the ground that this was necessary in order to effect the purposes of the Patent Act by securing to inventors full benefit of their discoveries through "faithful execution of the solemn promise made by the United States." The court said—

"An objection much relied on is, that after the invention has been brought into general use, those skilled in the art or science with which it is connected, perceiving the variance between the specification and the machine, and availing themselves of it, may have constructed, sold and used the machine without infringing the legal rights of the patentee, or incurring the penalties of the law. The new patent would retro-act on them, and expose them to penalties to which they were not liable when the act was committed."

"This objection is more formidable in appearance than in reality. It is not probable that the defect in the specification can be so apparent as to be perceived by any but those who examine it for the purpose of pirating the invention. They are not entitled to much favour. But the answer to the objection is, that this defence is not made in this case; and the opinion of the circuit court does not go so far as to say that such a defence would not be successful. That question is not before the court, and is not involved in the opinion we are considering. The defence when true in fact may be sufficient in law, notwithstanding the validity of the new patent."

Under the two-year rule of *Miller* v. *Brass Co.,* (1881) *supra,* note 2, a reissue patent granted in circumstances like those disclosed by the report of Grant's case, now would be declared invalid.

Simpson v. *West Chester Railroad Co.,* (1846) *supra,* note 2, involved infringement of a reissue, granted in 1835, of an original patent dated in 1831. The trial judge charged the jury—

"It clearly appears that the defendants constructed their railroad with the plaintiff's curves in 1834, one year or more before the plaintiff's application for his renewed patent; consequently they may continue its use without liability to the plaintiff."

This was declared in conflict with the reissue provision Act of 1832 and the corresponding one in the 1836 Act. The two are declared substantially alike. The Court said—

"It is plain that no prior use of the defective patent can authorize the use of the invention after the emanation of the renewed patent under the above section. To give to the patentee the fruits of his invention was the object of the provision; and this object would be defeated, if a right could be founded on a use subsequent to the original patent and prior to the renewed one. . . . Now any person using an invention protected by a renewed patent subsequently to the date of this act is guilty of an infringement, however long he may have used the same after the date of the defective and surrendered patent."

Battin v. *Taggert*, (1854) *supra*, note 2, reaffirmed *Stimpson* v. *West Chester R. R. Co.*, and disapproved the following instruction to the jury—"That a description, by the applicant, for a patent of a machine, or a part of a machine, in his specification, unaccompanied by notice that he has rights in it as inventor, or that he desires to secure title to it as a patentee, is a dedication of it to the public. That such a dedication cannot be revoked, after the machine has passed into public use, either by surrender and reissue, or otherwise."

The Court said—"Whether the defect be in the specifications or in the claim, under the 13th section [Act 1836] above cited, the patentee may surrender his patent, and, by an amended specification or claim, cure the defect. The reissued patent must be for the same invention, substantially, though it be described in terms more precise and accurate than in the first patent. Under such circumstances, a new and different invention cannot be claimed. But where the specification or claim is made so vaguely as to be inoperative and invalid, yet an amendment may give to it validity, and protect the rights of the patentee against all subsequent infringements."

"So strongly was this remedy of the patent recommended, by a sense of justice and of policy, that this court, in the case of Grant *v.* Raymond, 6 Pet. 218, sustained a reissued and corrected patent, before any legislative provision was made on the subject."

"How much stronger is a case under the statute, which secures the rights of the patentee by a surrender, and declares the effect of the reissued and corrected patent? *By the defects provided for in the statute, nothing passes to the public from the specifications or claims, within the scope of the patentee's invention. And this may be ascertained by the language he uses.*"

Miller v. *Brass Co.*, (1881) *supra*, note 2, departing from the view expressed in *Battin* v. *Taggert* concerning omissions in claims, declared—

"But it must be remembered that the claim of a specific device or combination, and an omission to claim other devices or combinations apparent on the face of the patent, are, in law, a dedication to the public of that which is not claimed. It is a declaration that that which is not claimed is either not the patentee's invention, or, if his, he dedicates it to the public. This legal effect of the patent cannot be revoked unless the patentee surrenders it and proves that the specification was framed by real inadvertence, accident, or mistake, without any fraudulent or deceptive intention on his part; and this should be done with all due diligence and speed. Any unnecessary laches or delay in a matter thus apparent on the record affects the right to alter or reissue the patent for such cause. If two years' public enjoyment of an invention with the consent and allowance of the inventor is evidence of abandonment, and a bar to an application for a patent, a public disclaimer in the patent itself should be construed equally favorable to the public. Nothing but a clear mistake, or inadvertence, and a speedy application for its correction, is admissible when it is sought merely to enlarge the claim."

"We think it clear that it was not the special purpose of the legislation on this subject to authorize the surrender of patents for the purpose of reissuing them with broader and more comprehensive claims, although, under the general terms of the law, such a reissue may be made where it clearly appears that an actual mistake has inadvertently been made. But by a curious misapplication of the law it has come to be principally resorted to for the purpose of enlarging and expanding patent claims. And the evils which have grown from the practice have assumed large proportions. Patents have been so expanded and idealized, years after their first issue, that hundreds and thousands of mechanics and manufacturers, who had just reason to suppose that the field of action was open, have been obliged to discontinue their employments, or to pay an enormous tax for continuing them."

Mahn v. *Harwood* (1884) *supra*, note 2, reaffirms *Miller* v *Brass Company*, and declares—

"The public is notified and informed by the most solemn act on the part of the patentee, that his claim to invention is for such and such an element or combination, and for nothing more. Of course, what is not claimed is public property. The presumption is, and such is generally the fact, that what is not claimed was not invented by the patentee, but was known and used before he made his invention. But, whether so or not, his own act has made it public property if it was not so before. The patent itself as soon as it is issued is the evidence of this. The public has the undoubted right to use, and it is to be presumed does use, what is not specifically claimed in the patent. Every day that passes after the issue of the patent

adds to the strength of this right, and increases the barrier against subsequent expansion of the claim by reissue under a pretence of inadvertence and mistake."

"The truth is (as was shown in *Miller* v. *The Brass Company*), that this class of cases, namely, reissues for the purpose of enlarging and expanding the claim of a patent, was not comprised within the literal terms of the law which created the power to reissue patents. But since the purpose of the statute undoubtedly was to provide that kind of relief which courts of equity have always given in cases of clear accident and mistake in the drawing up of written instruments, it may fairly be inferred that a mistake in a patent whereby the claim is made too narrow, is within the equity, if not within the words, of the statute. Yet no court of equity, considering all the interests involved, would ever grant relief in such a case without due diligence and promptness on the part of the patentee in seeking to have the error corrected. It is just one of those cases in which laches and unnecessary delay would be held to be a bar to such relief. And in extending the equity of the statute so as to embrace the case, the courts should not overlook or disregard the conditions on which alone courts of equity would take any action, and also on which alone the Commissioner of Patents has any power to grant a reissue."

See, *Clements* v. *Odorless Apparatus Co.*, (1884) 109 U. S. 641, 649-650; *Turner & Seymour Co.* v. *Dover Stamping Co.*, (1884) 111 U. S. 319, 326-327; *Coon* v. *Wilson*, (1885) 113 U. S. 268, 277.

Topliff v. *Topliff*, (1892) *supra*, note 2, recognizes that a valid reissue patent with enlarged claims may be granted, when the original is inoperative, under condition—

"Second. That due diligence must be exercised in discovering the mistake in the original patent, and that, if it be sought for the purpose of enlarging the claim, the lapse of two years will ordinarily, though not always, be treated as evidence of an abandonment of the new matter to the public to the same extent that a failure by the inventor to apply for a patent within two years from the public use or sale of his invention is regarded by the statute as conclusive evidence of an abandonment of the patent to the public."

In *Dunham* v. *Dennison Manufacturing Co.*, (1894) *supra*, note 2, infringement was alleged of a reissue, dated June 10, 1884, of an original patent issued May 8, 1883, for "a new and improved combined tag and envelope." This Court said—

"The patent of May 8, 1883, was expressly and distinctly, both in the specification and in the claims, limited to an envelope, with an opening at one end; with a flap, attached to the envelope at that end, of sufficient size to cover the whole of that side of the envelope in which the opening was; . . . The patentee thus gave the public to understand that an envelope, the flap of which did not

cover its whole length, would not come within his patent, and might rightfully be made by any one. After the defendant had made envelopes with a short flap of semi-circular shape and covering little more than the opening of the envelope, (which, it is admitted, did not infringe the plaintiff's patent as originally issued,) the plaintiff obtained a reissue, enlarging the claims, and altering the specification throughout, so as to include an envelope with a flap of any size or shape, and to make the invention consist, not, as in the leading words of the description in the original patent, of 'an envelope with an end flap covering its side,' but in 'a tag provided with means for attaching it to the merchandise, and with an envelope or pocket to receive a bill or invoice of the merchandise.' The words of the description in the original patent were neither technical nor complicated; but they were of the simplest kind, and their meaning and scope could not have been misunderstood by any one who read them with the slightest attention, least of all by the patentee. To uphold such a reissue under such circumstances would be to grant a new and distinct privilege to the patentee at the expense of innocent parties, and would be inconsistent with the whole course of recent decisions in this court."

Abercrombie & Fitch Co. v. *Baldwin*, (1917) *supra*, note 2, declared a reissue claim was not an enlargement and held the defendant guilty of violating the patent as originally written.

In Keller v. *Adams-Campbell Co.*, (1924) *supra*, note 2, certiorari was dismissed. The Chief Justice pointed out that the question of intervening rights while not free from difficulties, was not before the Court. It decided nothing presently important.

The opinions reviewed above will suffice to indicate the progressive efforts of the court to meet problems incident to our rapidly expanding patent system. From a small State Department bureau in 1836, the Patent Office has expanded until in 1939 over 40,000 patents were granted—in 1838, 515 were granted. Although of immense importance, the system has become exceedingly complex. Questions relative to reissued patents have long been vexatious to those immediately concerned with administration of the patent laws.

Miller v. *Brass Company*, *supra*, pointed out that "the evils which have grown from the practice [reissues] have assumed large proportions. Patents have been so expanded and idealized, years after their first issue, that hundreds and thousands of mechanics and manufacturers, who had just reason to suppose that the field of action was open, have been obliged to discontinue their employments, or to pay an enormous tax for continuing them."

"It is now accepted doctrine that "the claim of a specific device or combination, and an omission to claim other devices or combinations apparent on the face of the patent, are, in law, a dedication to the public of that which is not claimed." "This legal effect of the patent cannot be revoked unless the patentee surrenders it and proves that the specification was framed by real inadvertence, accident, or mistake. . . . . ." Also, that a reissue with enlarged claims, not applied for within the two years after the original, is void in the absence of extraordinary exculpating circumstances.

In the case under consideration the patentee might have included in the application for the original patent, claims broad enough to embrace petitioner's accused machine, but did not. This "gave the public to understand" that whatever was not claimed "did not come within his patent and might rightfully be made by anyone." The enlarged claims were presented with knowledge of the accused machine and definite purpose to include it.

Recapture within two years of what a patentee dedicates to the public through omission is permissible under specified conditions, but not, we think, "at the expense of innocent parties." Otherwise, the door is open for gross injustice to alert inventors and baffling uncertainty will hinder orderly development of useful arts.

The District Court properly ruled that petitioner had "acquired intervening rights which in equity plaintiff [respondent here] might not now disturb."

In *Ashland Fire Brick Co.* v. *General Refractories Co.*, (1928) 27 F. (2d) 744, 745-746, the matter of "Intervening Rights" was lucidly discussed. The opinion states the case thus:

"This is the usual suit for infringement based upon reissue patent No. 15,889, August 12, 1924, to Tackett, for a brick machine. The defense chiefly relied upon in the court below and here is that, between the date of the original issue and the application for the broadened reissue, the defendant had built and begun to operate its machines in a form which was not covered by the original patent, even though it were by the reissue, and that the defendants had thus acquired such a right, intervening with reference to the original and reissue, as to make it inequitable to enforce against it the later and broader monopoly."

And he concluded:

"Because the claims of the original patent were limited as to the form of conveyor, and because after the issue of the original patent and with knowledge of it and expressly appreciating its limited character, indeed, being governed therein by the advice of patent counsel, the defendant built a noninfringing brick machine, and still

before the reissue application another one, at a substantial expense, and put them into commercial use on a large scale by extensively selling their product, and thus made them substantially material to its manufacturing business, the defendant thereby acquired at least a right to continue to use these two machines as if it held a license therefor under the reissued patent."

We think this conclusion was right and appropriate in the circumstance presented.

In the instant case the accused machine went into operation when the owner had no actual knowledge of the original patent; but that circumstance we think ought not to defeat the defense based upon intervening rights. All patents must "be recorded, together with the specifications, in the Patent Office in books to be kept for that purpose." U. S. C. A. Title 35, sec. 39. Constructive notice of their existence goes thus to all the world. *Bogden* v. *Burke*, (1852) 14 How. 575, 582; *Wine Ry. Appliance Co.* v. *Enterprise Ry. Equipment Co.*, (1936) 297 U. S. 387, 393; Walker on Patents, Deller's edition (1937) Vol. 3, p. 2176. In consequence the owner of the machine here accused operated it with implied knowledge of the original patent and may justly claim whatever privileges would follow actual knowledge.

Grant, et al v. *Raymond*, *supra*, speaks disparagingly of one who having obtained knowledge of an invention from a patent thereafter appropriates what might have been claimed but was not. In the different conditions of today that observation would not be appropriate. We cannot conclude that one so circumstanced occupies a position superior to an honest inventor or user who has acted with implied but no actual knowledge of a recorded patent. "The purpose of the statute undoubtedly was to provide that kind of relief which courts of equity have always given in cases of clear accident and mistake in the drawing up of written instruments," and these courts are always tender of rights claimed by innocent parties. "A sense of justice and of policy" shelters them.

The possibility of defeating a charge of infringement by establishing intervening rights is adumbrated in *Grant* v. *Raymond*, *supra*. "The defence when true in fact may be sufficient in law notwithstanding the validity of the new patent."

The challenged judgment must be reversed with a remand to the Circuit Court of Appeals for further proceedings consistent with this opinion.

Reversed.